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THE ROUND TABLE

A QUARTERLY REVIEW OF THE
POLITICS OF THE BRITISH COMMONWEALTH

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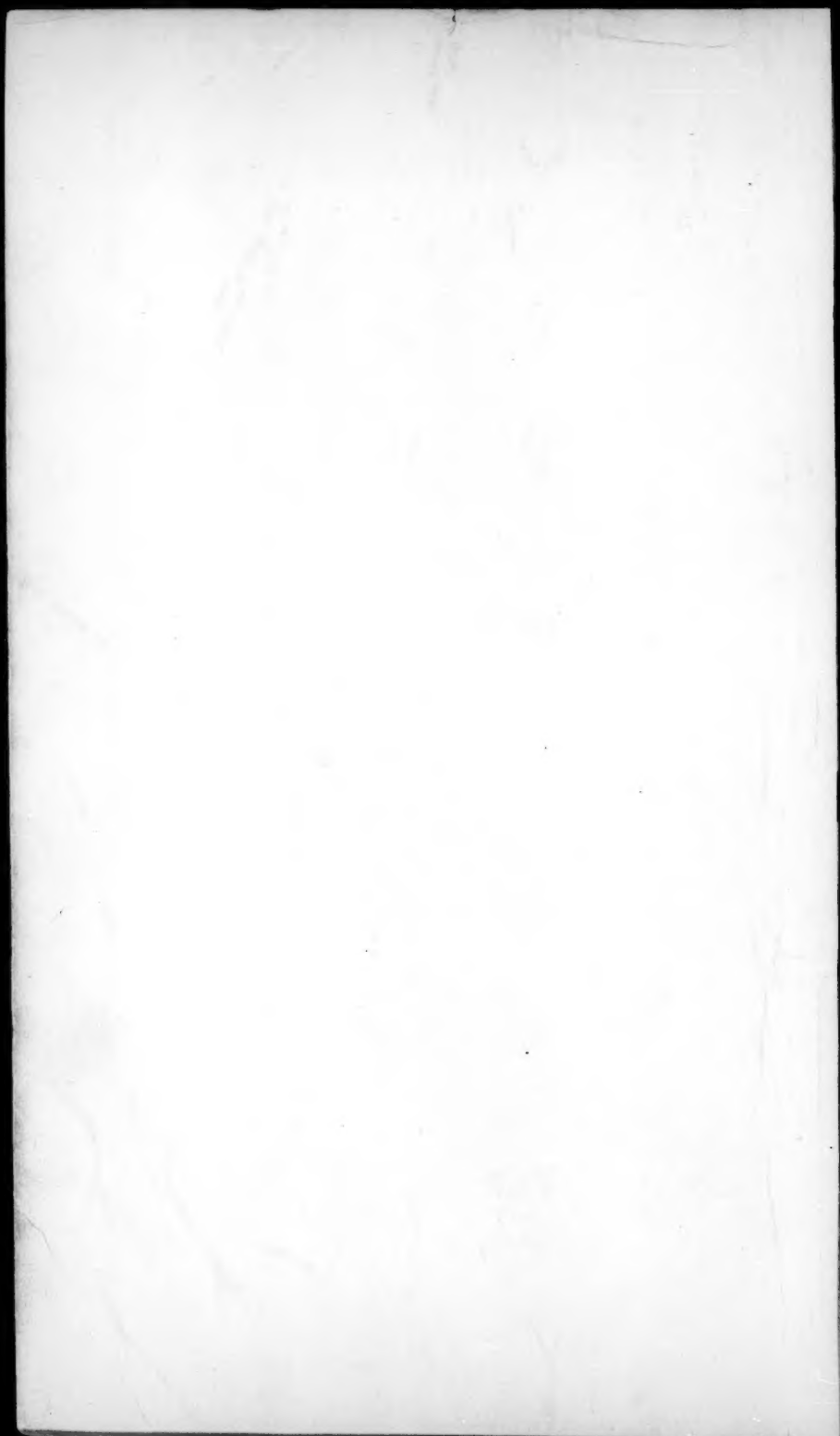
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THE NEAR EAST

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"History tells us of many Turkish successes and many Turkish defeats, of nations conquered and nations freed. . . . Yet in all these changes there is no case to be found, either in Europe or Asia or Africa, in which the establishment of Turkish rule in any country has not been followed by a diminution of its material prosperity and a fall in the level of culture ; nor is there any case to be found in which the withdrawal of Turkish rule has not been followed by a growth in material prosperity and a rise in the level of culture. Neither among the Christians of Europe, nor among the Moslems of Syria, Arabia and Africa, has the Turk done other than destroy wherever he has conquered ; never has he shown himself able to develop in peace what he has won in war."

THERE is a ring in the words which we have quoted of the emancipating enthusiasms commonly ascribed to an earlier generation. Yet this is not the voice of Gladstone. These words were addressed by M. Clemenceau, as President and in the name of the Council of the Principal Allied and Associated Powers, to the Turkish delegates assembled in Paris in June, 1919. Three years, and not half a century, have passed ; but in that brief space the whole aspect of the Near Eastern world has changed. Nothing, indeed, has occurred to cast doubt on the justice of M. Clemenceau's judgment ; on the contrary, all the new evidence amply confirms it. The change is of another kind.

In June, 1919, the Turkish Empire was still at the mercy of the forces which had overthrown it. The battered

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remnants of the Turkish army were confined to the uplands of Anatolia, and a feeble Government in Constantinople was waiting only for the Allies to present their terms of peace—any terms—to sign them. There might be protests made, arguments advanced for the retention within the Empire of this territory or that—M. Clemenceau's address was an answer to the Turkish plea that the frontiers of Turkey should remain unaltered—but active resistance to any decisions which the Allies might make seemed then unthinkable. The dismemberment of the Empire proceeded unhindered. British troops occupied Palestine and Mesopotamia and held Syria in trust for France. The French themselves were in Cilicia, and the Italians in Adalia were extending their occupation over the whole area of South-western Asia Minor. In May the Allied Powers had sent Greek troops to Smyrna. Constantinople and the Straits were controlled by an Allied army. To the Christian Armenians and all those other subject races which had borne the yoke of Turkish oppression the world proclaimed that their hour of deliverance had come. Peace at that time hung, like fruit, ripe to be gathered.

Contrast now with that picture this of the Near East to-day. The military power of Turkey has risen from its ashes, and from this new birth has carried the standards of a fierce nationalism to the gates of Europe. It has found powerful friends in strange places, in Soviet Russia, in Paris, and in Rome. Amidst fire and slaughter the Greek flag has vanished from Asia; the burning of Smyrna was the last scene in an adventure as ill-fated as that Sicilian expedition which ended in the quarries of Syracuse. By conquest partly, partly through the retirement of France and Italy, the whole Anatolian peninsula again comes under Turkish dominion, and before these words are printed the Turkish administration will have been re-established in Europe up to the frontiers of the Empire as they were defined in 1913 after the Balkan Wars. Everywhere before this rising tide of Ottoman revival the minorities—Christians and Jews,

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Greeks, Armenians and Bulgars—are retiring in panic, leaving their houses, their crops, often their household goods. In the Greek Islands, in Macedonia, in Greece itself, a million refugees are scattered in wretched encampments, for the most part without proper food or shelter, human wreckage from this new storm which has broken over the East. “The Turk’s teeth must be drawn, even if he be allowed to live,” wrote Lord Salisbury in 1876. After half a century the world has seen this operation performed, only to find that after all they were milk teeth.

We shall here endeavour to identify the forces which have actuated the turn in fortune’s wheel; to trace the course of recent events and to elucidate the part of the British Commonwealth in them; and finally to suggest what in our view should be the aims of British policy in the Near East and the objects, in particular, which it should seek to attain at the coming Peace Conference. In this undertaking it may be necessary to traverse ground already explored, in part at least, by readers of *THE ROUND TABLE*; but so that the statement may be comprehensive, some degree of repetition is, we think, desirable.

I. THE FAILURE OF ALLIED POLICY

PEACE with Turkey, we have said, could have been had three years ago on almost any terms. That it is still to seek denotes the failure of Allied policy; and the extent of that failure is only now revealed when more than one Turkish pawn has become a queen. If it were necessary to answer in one sentence the question why Allied policy has failed, the best answer would be that it has failed because it has never existed. But though true, that is not the whole truth, and foreign policy is not so simple a thing that either its triumphs or its failures can be dismissed in

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a sentence. It is worth while looking more closely into the history of the last three years.

The Armistice with Turkey was concluded at Mudros in October, 1918 ; the Treaty of Peace was not signed at Sèvres until June, 1920. A delay which was criticised at the time as unwise is now seen to have been fatal. In that long interval Lord Allenby's army, the only military force of which the Turk stood in awe, had been disbanded. Mustapha Kemal, in the fastnesses of Anatolia, had rallied his broken troops and had set up, as its dictator, a Government which repudiated the Turkish Ministry in Constantinople and defied the Allied Powers. An insurgent band became the nucleus of an uncompromising nationalist movement, which had defined its aims six months before the signature of the Peace Treaty in the document known as the National Pact. At home the weariness and disillusionment of the Allied democracies turned victory into bitter fruit, and the great conquests of 1918 became by 1920 the adventures of spendthrifts. So it was that the Allies were able at Sèvres to dictate a peace, but powerless to enforce it. Such were the results of a delay which began in the preoccupations of the German treaty, and was inordinately extended, at first by the desire for that ideal settlement which depended on American collaboration, and subsequently by intrigue and dissensions amongst the Allies themselves.

The withdrawal of the United States from active participation in the Near Eastern arrangements was much more than a cause of delay ; it added enormously to the difficulty of devising a settlement which would work. An American mandate for Armenia and Constantinople would have ensured both the safety of the minorities and the freedom of the Straits. No other Power could have held the Dardanelles and still have been thought disinterested, and none could have carried the financial burden imposed by a mandate in Armenia. It is well known that President Wilson desired and expected his countrymen to undertake

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this trust, and, indeed, that the Turkish treaty was deferred so that he could obtain their consent. "Have you thought of the sufferings of Armenia?" he said at Boston on February 24, 1919. "You poured out your money to help succour Armenians after they suffered. Now set up your strength so that they shall never suffer again." American repudiation of the President's policy in this matter has had consequences in the East comparable with those which followed in Europe on the failure to ratify the Anglo-American guarantee to France. The defeat of the altruist in politics means more than the overthrow of an individual: it denotes the eclipse of a political philosophy. When a great nation shrinks from its own ideals, others are emboldened to jettison positive obligations, and the world exchanges with relief moral enthusiasm for the simpler claims of self-interest.

So much can be said without implying that the moral enthusiasm aroused by American support would have been enough to preserve the Treaty of Sèvres from revision. That Treaty, as all the world now sees, cast the Greeks for a rôle far beyond their powers. It is true that many unprejudiced observers have praised the Greek administration in Asia Minor as efficient and progressive, even by Western standards; at the worst it could scarcely have fallen in these qualities behind the system which preceded it. But efficient government is not necessarily good government. There is nothing in the history either of modern or of ancient Greece which suggests that the Greeks are an Imperial race, endowed with those qualities of patience and fairness, tolerance and magnanimity, without which government of alien peoples cannot endure. Brilliant, imaginative, courageous, the Greek character is no less erratic and impulsive under the parliamentary system of a modern democracy than in the glorious age of the Athenian Empire. Ostracism was revived for Mr. Venizelos, and the massacre of the Melians found a parallel in the wanton outrages with which the Greek troops signalled

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their landing in Smyrna and their occupation of Asiatic soil.*

Yet when the Greek occupation both of Smyrna and of Eastern Thrace has been extinguished in disaster, it is right to remember the circumstances in which it began. Early in 1919 Mr. Venizelos went to Paris to unfold the territorial claims of Greece before the Council of the Allied Powers, and the Council appointed a Committee, on which the British Empire, France, the United States and Italy each had two representatives, to investigate those claims. The two representatives of the British Empire on the Committee were Sir Robert Borden, then Prime Minister of Canada, and Sir Eyre Crowe, of the Foreign Office. In March, 1919, the Committee presented their report, supporting their conclusions by a statement of the reasoning which had led up to them. The Italian representatives formed a minority of their own on every count, usually for the declared reason that they could not agree to attribute either to Greece or to Turkey territory which Italy claimed for herself. The British Empire, France and America unanimously recommended that Eastern Thrace should go to Greece. The British Empire and France were also agreed that Smyrna and the surrounding district should be Greek; from this recommendation the Americans dissented, finding that a Greek majority in population was not established (no census returns being in existence, it was and is almost impossible to determine how the population of any area in Turkey is divided) and that the detachment of Smyrna from its hinterland was on economic grounds indefensible. The American experts were overruled by President Wilson, and the decision a few months later to send Greek troops to Smyrna was taken by Mr. Lloyd George, M. Clemenceau and President Wilson in agreement. That decision imposed on Greece

* For an honest and sober account of this aspect of Greek Imperialism we would refer the reader to the Reports by the Inter-Allied Commission on Atrocities in the Districts of Yalova and Guemlek and in the Ismid Peninsula (Cmd. 1478 of 1921, price 2d.).

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a military, financial and administrative burden such as Greece could hardly have borne, even if she had remained free from internal dissension under a succession of leaders with the wisdom and ability of Mr. Venizelos. It was a decision which made imperative the continuance of Allied unanimity and support for Greece ; but scarcely had it been taken when effective support ceased and even the appearance of unanimity vanished.

It is the general belief that a special responsibility rests on the British Government for the Greek failure either to sustain or willingly to lay down the burden of its Asiatic adventure. Indeed, the unreasoning enthusiasm of the Government for the Greek cause has become a commonplace of criticism. It has been the stock comment of the French press. It has been proclaimed with equal fervour by the *Morning Post* and the *Daily Herald*. Yet if it were true, the Greeks themselves might with some justification claim that they had been unfortunate in their friends. For it is difficult to point to any measure of assistance in their struggle in Asia Minor for which the Greeks are indebted to the British Empire. They have had neither money nor military aid. British troops have stood between them and Constantinople. Great Britain submitted to the customary right of search on the part of the Greek navy when the French and Italians refused to do so ; but we were equally scrupulous in refraining from any step that would have deprived the Nationalist army of its sources of supply overseas. Fair words, indeed, Greece has heard in plenty, and around them has grown up an elaborate legend. More than once the Prime Minister flattered the Greek nation by his rhetoric. Even as late as August 4 of this year, he startled his audience by introducing into a spirited defence in Parliament of the Government's Near Eastern policy an almost rhapsodical reference to " the ingenuity of the Greek mind " and the incomparable virtues of the Greek soldier. A rhetorical people are the least prone to suspect rhetoric in others ; and the panegyric was issued to the Greek army

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in orders. To enhearten the Greek troops in view of the proposed evacuation of Asia Minor may have been its intention ; but in any event such language in the mouth of a declared neutral can only be regarded as a blunder. It came too late to imperil any cause except the speaker's, but as an indiscretion it does not stand alone. We may reasonably believe that the Greeks read into public statements of British policy at least a verbal sanction and encouragement for that reckless expansion in Asia which a radical defect of the Greek character initiated. But that the British Government ever consciously obstructed the path to peace between Greece and Turkey, we can find no evidence.

Procrastination in peace-making, the retirement of America, the rash aggrandisement of Greece, the suspicion of secret British support—these are all factors of importance in the failure of Allied policy ; but they serve only to lead up to and to emphasise the Treaty of Angora, made in October, 1921, by M. Franklin-Bouillon with the Kemalist Turks, and the defection of France from the policy embodied in the Treaty of Sèvres. The Treaty of Angora was examined in an article on the Near Eastern Question published in the March number of *THE ROUND TABLE*,* and the forebodings which were there expressed as to the probable consequences of the Treaty have been in the event most completely and unhappily fulfilled. *THE ROUND TABLE* holds no brief to defend the policy of the British Government ; still less is it impelled by any obligation or desire to criticise the policy of an Allied Power. Its concern is to record events as it sees them, and to comment frankly and, to the extent of its ability, impartially. To shrink from candour on this subject is consistent neither with a regard for truth nor with a wise insurance of the future. There is little danger of the motives of recent French action being misunderstood. At a time of unprecedented and unexpected financial stringency, France found herself faced with liabilities in the Near East which could be sustained only by

* See *THE ROUND TABLE* for March, 1922, No. 46, p. 333.

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a prolonged and expensive military effort. The French Government decided that the effort was beyond their powers, and M. Briand informed Mr. Lloyd George of that decision in Paris in August, 1921 ; no one is entitled to question it. They also formed the opinion that it would be rashly imprudent for France, as a State which incorporates millions of Moslem subjects, to fly in the face of Moslem sentiment by remaining at war with the chief Moslem Power. We may think these fears extravagant, the sentiment often insincere, the arguments about allegiance to the Caliph unreal ; we may reasonably hold that a Government is not justified in breaking treaty obligations out of respect for the feelings of a section of its subjects, that no British Government, for example, ought to repudiate the Treaty with the Irish Free State, even though every Die-hard were hydra-headed. But even if we regard this appeal to Moslem opinion as a mistaken motive, we have no right to deny that it is an honest one. Nor is the respectability of French motives materially diminished by such evidence as exists that the concession hunter, who looks more hopefully to the Turk than to the Greek, was not without influence on the policy of the French Government.

The case against that policy rests, indeed, far less on motives than on methods. The Treaty of Angora was a breach of the covenants made in 1914 and 1915 between the Allies not to conclude a separate peace with any of their enemies. It was negotiated in the dark. Not only was the object of M. Franklin-Bouillon's visit to Angora not revealed to the British Government, it was concealed from them. A frank statement of French intentions, and of the considerations which determined them, might have formed the basis of a concerted reorientation of Allied policy ; certainly no Government in London could have remained uninfluenced by such a statement. Action, on the other hand, taken separately and in secret, cast a malignant spell over the whole course of subsequent events. It helped to poison Anglo-French relations. Through the immense moral stimulus

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which it gave to the Turks, the certain knowledge that the Allies could be divided and played off against one another, it prevented any settlement by consent between Greece and Turkey. French arms and military equipment have assisted Mustapha Kemal to exact his own terms at the point of the sword. Whatever may be thought of the immediate results of French policy from the point of view of French interests, there can be little doubt that the ultimate consequences are likely to be regretted. To many French minds, in France as well as in the Near East, there has seemed to be an unhappy omen in the spectacle of M. Franklin-Bouillon, sent back as the sympathetic and understanding friend to preach moderation to the Kemalists, only to be dragged through the conference of Mudania behind the chariot wheels of the Turkish dictator.

II. THE CRISIS

WHEN the Treaty of Angora was signed the military position in Asia Minor was one of deadlock. The Greek army had failed to reach Angora, but had been able to retreat in good order to the line from which its offensive had set out. The spirit of the troops was then unbroken, and they supported severe hardships with courage. After a winter of inaction a Conference of the Allied Foreign Ministers met in Paris in March of this year to consider a possible basis for mediation. They proposed an armistice, to be followed by a Peace Conference at Venice ; moreover, they were able to agree on and to publish the principal modifications of the Treaty of Sèvres which their Governments would accept. Their proposals included the restoration to Turkey of all Asia Minor and of Eastern Thrace, with only the two qualifications that there should be a special régime in Smyrna and that Adrianople should remain Greek. The navigation of the Straits was to be controlled by an international commission under a Turkish

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president. Gallipoli was to remain in occupation of an Allied force and the Turkish army to be restricted to 40,000 regular troops and a gendarmerie of 45,000.

Greece accepted the proposal for an armistice on these terms, but it was rejected by the Government at Angora, just as the Allied proposals made a year earlier had been rejected by the Greeks. Mustapha Kemal preferred to wait. Time was on his side. It was unlikely that he would be attacked again, probable that Greek resistance would weaken. However bravely Allied protests might read, however full of sound and fury, they signified nothing ; France had made her separate peace, Italy could not fight, and Great Britain, so the Turks might reasonably argue, would not fight alone. A little longer delay and even the semblance of agreement would evaporate. Some day, no doubt, there would be a conference at Venice, or even nearer home : but it was worth waiting for a few more deals ; whatever hand turned up, it could not be worse and might be a great deal better. And so, as the first fruits of the Treaty of Angora, the war dragged on. In July the Greek Government weakened its front in Asia Minor by transferring troops to Thrace, and made the foolish gesture of threatening Constantinople. The Allied Powers promptly addressed a warning to the Greeks against any violation of the neutral zones, and French troops occupied the Chataldja lines, where with British and Italian contingents they barred the way when later on the Greeks might have been tempted to seize Constantinople as a counter to the Turkish attack in Asia.

By the month of August the Greeks were preparing to evacuate Asia Minor and Mustapha Kemal was preparing to attack them. Even a slight success would enhance his prestige and smooth his path when the time came to go to Venice. The attack began on August 23, and on September 9 the Turkish cavalry entered Smyrna. Success on this scale not even the Turks themselves had expected. A force of 70,000 rifles, in little more than a fortnight and

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without serious fighting, defeated an army holding strong positions and not inferior in numbers, and drove it in headlong rout 150 miles to the sea. The Greek troops in the centre and south had no heart in the business. The hardships of a long period of continuous service, inadequate equipment, incompetent commanders, above all the knowledge that Asia Minor would in any event be abandoned—all these factors combined to destroy their spirit. In the north they resisted resolutely, drove off the Turkish attack, retreated to the Sea of Marmara and there unmolested took ship to Thrace. But on the rest of the front the catastrophe was complete. Abandoning guns, ammunition and equipment, the Greek army dissolved in flight, burning and destroying villages, railways and bridges on its path to the sea. The defeated troops, the army of civilian refugees and the Turkish advance-guard entered Smyrna together. For a day or two order was maintained; misery and destitution were on either hand, but the foreign inhabitants joined with foreign sailors in relieving the worst forms of distress and in transferring refugees to the ships in the harbour. In this work the British Navy and the British merchant marine had their conspicuous share. But their task was scarcely begun when Smyrna burst into flames: the city burned for three days, until all but the Turkish quarter was destroyed. The evidence, in our opinion, confirms the earliest reports that the fire was the result of Turkish action, and was accompanied by scenes of murder and pillage.

These events brought down the Greek Government and cost the Greek King his throne, but they contained the menace of results far graver than these. The main Turkish force advanced not to Smyrna, but north-west towards the Straits and Constantinople. In Constantinople, and in the neutral zones on both sides of the Bosphorus and the Dardanelles, was an Inter-Allied force, of no great strength, under the supreme command of Sir Charles Harington. Every Allied Government was compelled to decide, and to

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decide at once, whether it was prepared to defend the neutral zones against the Turks or was willing to retire from them under pressure and to leave the way clear for the advance of the victorious Turkish army into Europe. That imperative choice was the central fact of the situation. If the Turkish troops had at that time occupied Constantinople and crossed, hot with victory, into Europe, a fire would have been kindled beside which the burning of Smyrna was no more than a candle flame. In Constantinople itself there were many thousands of armed Turks, and with a Christian population of three-quarters of a million the retirement of the Allied garrison could only have led to a renewal of the horrors of St. Bartholomew's Eve. Fire and slaughter would have swept over Thrace, and only a miracle could then have saved Europe from the revival of a general war. The Balkan States have too clear a memory of Turkish oppression ever to allow the clock to be put back beyond 1913. Russia, in alliance with Turkey and with an army on the frontiers of Rumania eager to recover the lost province of Bessarabia, could not for long have remained neutral, and by her entry must have unchained chaos. These are not the ravings of a disordered imagination: the picture is merely the unemotional presentation of a danger which at that time impressed itself on the mind of every observer who had access to the facts.

The extent of the danger was scarcely revealed to the world at large until the publication by the British Government on September 16 of a statement of British policy. We shall have to refer later to the form of that statement and the manner of its publication. In it the Government announced their determination to oppose by every means any infraction of the neutral zones or any attempt on the part of the Turks to cross into Europe; that steps had been taken to reinforce the British troops in Gallipoli and at Chanak, on the Asiatic shore of the Dardanelles; and that Rumania, Jugo-Slavia and Greece had been invited to take part in the effective defence of the

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neutral zones, and the Dominions had been asked whether they would be prepared to send contingents. The statement took for granted French and Italian support, in view of the announcement only two days before that the three Allied Governments were in agreement on the necessity of defending the neutral zones. The assumption proved to be unwarranted. The French Government had already given orders for the withdrawal of French troops from Chanak, and Italy followed them: within a very few days it was made clear by M. Poincaré that in no circumstances would France use force against the Turks. France maintained that the fleet could keep the Straits open and that Chanak was untenable. British naval and military opinion was agreed that the free passage of merchant ships could not be assured unless Chanak as well as Gallipoli were held, and that Chanak could be held against any force which the Turks could bring up. Beneath this difference as to method, there was a fundamental difference in policy between the two Governments. Defence which stops at remonstrance is no defence. Turkish Nationalism, hot-foot on the trail of its secular enemies, enemies both by race and religion, is a grim beast, not to be deterred by soft words. The British Government decided to prevent an advance of the Turkish army into Europe, whether Britain stood alone or not; if France had stood alone or if the French policy had prevailed, nothing could have prevented that advance. That is, we believe, a statement of the position reduced to its simplest terms.

There remained the question of an armistice between Greece and Turkey. In the week following the publication of the British statement Lord Curzon went to Paris, and after some days an agreement was come to with the French and Italian Governments. A Joint Note sent to Angora on September 23 proposed that representatives of the British Empire, France, Italy, Japan, Rumania, Jugoslavia, Greece and Turkey should meet at Venice or elsewhere to conclude terms of peace. On condition that the

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Turks did not allow their army during the negotiations to enter the neutral zone, the Allied Governments agreed to the restoration of Eastern Thrace up to the Maritza, and including Adrianople, to Turkey. The freedom of the Straits and the protection of minorities of race and religion were to be assured under the auspices of the League of Nations, and the Allied troops were to be withdrawn from Constantinople so soon as the Treaty came into force. A preliminary meeting to arrange an Armistice Convention was suggested at Mudania or Ismid. This Note involved far-reaching concessions to the Turkish point of view, but Allied agreement on any programme less conciliatory than this was unattainable. To insist on different terms at the price of British isolation would have been mistaken firmness. Certainly the British Empire had no obligation or vital interest to keep the Turks out of Adrianople, when even in March the rest of Eastern Thrace had been offered to them.

After a delay of a week, in which their troops surrounded Chanak, the Turks accepted the invitation to a peace conference, and agreed to send Ismet Pasha to meet the Allied Generals at Mudania on October 3. The Mudania Conference continued, with interruptions, for a week, and during that time the issue of peace or war hung in the balance. The Turks showed no evidence of a desire for peace or moderation. They asked for the evacuation of Chanak. The concentration of their main forces behind Chanak and Ismid was pressed on. They made no secret of their belief that at the worst they would be fighting not a united British Empire, but a Britain abandoned by her Allies, deserted by her Dominions, torn asunder by political dissensions. During these days the Turkish leaders brought their people to the brink of war. That they hesitated, and in the end drew back, was due in our view to the mingled firmness and restraint of Sir Charles Harington and the troops under his command; to the resolution with which His Majesty's Government ignored

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criticism at home and abroad, and refused to yield an inch on the main issue while not insisting on details; and finally to the powerful influence exerted by Mr. Venizelos on the new Government in Greece. The main discussion at Mudania developed round the transfer of Eastern Thrace from Greece to Turkey. Ismet Pasha demanded the immediate withdrawal of the Greek army and the establishment of Turkish administration backed by an unlimited Turkish garrison. The Allied Note had clearly contemplated the retention of Eastern Thrace, if not by the Greeks, at least by Allied forces, as a pledge for Turkish good faith during the peace negotiations. Retention was obviously desirable, but it was not essential provided that the non-Turkish population could be safeguarded, and on that condition the British Government did not attempt to insist on retention. Greek opinion, however, was at first a difficulty. The revolution which overthrew King Constantine and his Government had its origin in independent movements in the army at Salonika and in the Ægean Islands. A strong Greek force was intact in Thrace, and however unwilling the Greek troops in Asia Minor may have been to fight for Smyrna, the remnants of that force were eager to defend Thrace. Only the wisdom and courage of Mr. Venizelos overcame that enthusiasm. An exile from Greece, he was invited by the revolutionary Government to represent Greek interests in Western Europe. He consented only on condition that his advice was acted on. As long ago as July, 1921, he had given public expression to his conviction that the withdrawal of Allied support necessitated the evacuation of Asia Minor. Greece could not fight Turkey and at the same time oppose the Allies. That advice was neglected; but now that the disaster had come, Mr. Venizelos insisted that there was only one right policy open to any Greek Government as regards Thrace, and that was to place itself unreservedly in the hands of the Allies. The leaders of the revolution had the wisdom to be guided by the man

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who had built up modern Greece, and from that moment an agreement at Mudania became practicable. On October 10 the Armistice Convention was signed. It provided for the evacuation of Eastern Thrace by the Greek army within about fifteen days and for its replacement by Allied troops, to be progressively withdrawn during the subsequent period of one month as the Turkish administration, supported by a gendarmerie not exceeding 8,000 men, gradually took control of the country. During the peace negotiations Allied troops are to hold the right bank of the Maritza, from Adrianople to the sea : there they will form a buffer between Greeks and Turks. In Asia Minor the British occupation of the Ismid Peninsula and of the Chanak zone continues, and the limits of both areas were fixed in the Convention.

We do not think that in the calm reflection of a time of peace, when peace comes, the British people will find cause to regret the general action of their Government during the crisis which we have just described. It is our conviction that nothing else stood between Europe and the horrors of a new war : a duty to the Empire was also a service to humanity. To act decisively and to act alone demanded courage, promptitude and resolution. Such action was bound to be for the moment unpopular, and, indeed, the Government was assailed from all quarters. Up-to-date journalism, which measures all policy by the standards of Anti-Waste, led the van with its banner "Stop the War." Serious criticism was confined to no one political party. Mr. Asquith, Lord Grey and the other leaders of the Liberal party, in a public statement of their views on October 3, said :—

There is little doubt that more than once since September 12 the Government have contemplated separate action, which would have committed this country to war, even at the cost of a breach with our Allies. We are convinced that the nation would rightly condemn such action, and refuse to support it. . . . We, therefore, think it right to make it clear that, in our opinion, a policy of

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concerted action is the only one that will be not only safe, but effective, and will command the support of a united nation.

Mr. Williams, a member of a deputation to the Prime Minister from the General Council of the Trades Union Congress, said on September 21 :—

Summed up, Labour's strong voice is, there is nothing in the Near East position to warrant this country throwing over the League of Nations, which was established to promote peace in the world, and to substitute for armed force a policy of reason and arbitration.

Arguments such as these leave out of account what were in our view the two essential features of the crisis—that the only terms on which a policy could have been concerted with the Allies involved retirement before the advance of the Turkish army into Europe ; and that the checking of that advance could not be brought about “ by reason and arbitration,” but only by opposing force to force.

Yet, holding as we do these views on the main issue, we are the freer to say that the Government probably had themselves to blame for much of the criticism with which they were bombarded. Both in its tone and in the manner of its appearance the manifesto of September 16 invited misconception. In Mr. Asquith's phrase, “ it sounded the double note of provocation and panic.” It had all the faults of a statement written for one purpose and a limited audience, and applied through carelessness or in haste for the reading of the whole world. A firm declaration of British policy was imperative : this was more than firm, it was aggressive. An announcement was required that the Dominion Governments had been apprised of the position ; instead of that the Prime Ministers of the Dominions read in the Press an appeal for their help, which they had received only a few hours before as a secret telegram, and to which they could not possibly have had time to reply. Worse still, the Governments of the Dominions were exposed to the suspicion of having concealed from their own Parliaments and peoples a crisis

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which, in fact, they had not been authorised to reveal. On different grounds from those advanced by Lord Grey, we can still subscribe to his criticism of this manifesto as a "terrible mistake."

The appeal to the Dominions raises important questions relative to the control of the foreign policy of the Empire. An article on British Near Eastern Policy, published in the *New Republic* (of New York) on October 11, contained the following reference to the Dominions :—

The first *imbroglio* will be with the Dominions, who have just been placed in the position in which another British Government once placed the thirteen colonies. "No taxation without representation." *A fortiori*, no commitment to war without the means of knowing and at least partly controlling the antecedents of the crisis! The incident, however closed, is in any case bound to raise the whole constitutional question of the control of foreign policy in the British Commonwealth.

That any responsible writer can make such a comparison is striking evidence of the looseness of contemporary thought on this subject. The Dominions were signatories to the Treaty of Sèvres. That fact does not bind them to maintain the provisions of the Treaty when a changed position calls for its revision by agreement. But at least the signatures do bind the Dominions to take part in the task of revision—we presume that they have been invited to send representatives to Lausanne—and they impose an obligation on Dominion Governments at least to keep themselves familiar with the working of the Treaty and therefore with "the antecedents of a crisis" such as that we have just passed through. In fact, every Dominion has since 1916 been fully informed, both by cable and despatch, on all aspects of the foreign policy of the Empire. A Canadian writer in the *New Statesman* has asserted that the Prime Minister of the Dominion had not seen any of the recent secret papers on the Near East, because the official who dealt with them was under a cloud for his political opinions, and in his absence documents had been allowed to accumulate. This is no

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doubt, if true, an extreme case, but it will serve to point the moral that the extent to which the Dominions share in the control of Imperial foreign policy depends on themselves alone. It is open to them to ask for explanations, to raise objections, to suggest alternatives, at every stage. If they are not satisfied that under this system their interests are safeguarded, if they wish to overcome the limitations of distance, so far as that is possible, by supplementing correspondence with personal discussion, they will make proposals. This does not mean that there are not great practical difficulties in the way of the Dominions exercising their full responsibilities in foreign affairs. The arrangement at present in force is admittedly experimental, but the days have now passed when any conceivable British Government would fail to welcome proposals from the Dominions for a closer association with British foreign policy.

When Mr. Lloyd George appealed to the Dominions in September, what in effect he said was this :—

A crisis has arisen in the Near East of which you have been forewarned. We may be forced into war, to prevent a still more serious war and to ensure the retention of certain provisions of a Treaty which you signed with us. We have told you what those provisions are and why we regard them as essential, and as you have made no criticism of our views, we can only assume that you share them. We now ask whether, if the need arises, you are prepared to support your signature by sending a contingent.

This is a question which any British Government was bound to ask and which the people of every Dominion would have answered unhesitatingly if it had presented itself to them in that form. The question was put, but with every circumstance of inconsiderate precipitancy and to a public only half aware of its rights and its obligations. That the answer should have been what it was says a great deal for the instinct of Imperial solidarity.

Problems of the Peace Conference

III. PROBLEMS OF THE PEACE CONFERENCE

THE Peace Conference has been summoned for November 13 at Lausanne. The general election in Great Britain will no doubt cause a postponement of a week or two, but it is probable that before this article is published the delegates will be at work. The preliminary problem of the representation of Russia and Bulgaria will also by then be settled. Whether they are admitted to the main conference or merely invited to take part in a separate discussion on the future of the Straits, their right to a voice in the settlement of that question, and of any others in which they are concerned, is bound to be recognised.

There are four main questions to be settled at Lausanne—the frontiers of Turkey, the position of foreigners living under Turkish rule, the freedom of the Straits, and the protection of minorities. Of these the first is likely to present fewer difficulties than the rest. Substantially Turkey has already won back the frontiers postulated in the National Pact. A demand may be made for Western Thrace, where in the past the Turkish population relatively to the non-Turkish has been greater than in Eastern Thrace. But all arguments founded on the population of these districts before the war or even six months ago have lost their validity through the withdrawal of almost the whole Greek population of Eastern Thrace to the west of the Maritza and the concentration in Western Thrace of several hundred thousand refugees from Asia Minor. Western Thrace is to-day predominantly Greek, and its undeveloped lands offer the only possible home on Greek soil for the landless fugitives whom Greece has neither the right nor the desire to turn away. There would appear, therefore, to be weighty arguments for leaving undisturbed the present Greek sovereignty in Western Thrace. Considerations both of justice and expediency, however, call fo

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the provision of a proper outlet for Bulgaria on the *Ægean*. Several proposals have been made with that object. One is that the Greeks should guarantee to the Bulgarians proper facilities at Dedeagatch and on the railway which runs from that point along the Maritza river to Bulgaria, so as to enable the Bulgarians to export and import goods free of foreign customs duties and discriminating railway rates. For this purpose, however, it would be essential that the Turks should have no control over this railway, even though it crosses for a short distance into Eastern Thrace. Turkey did, indeed, in 1915 concede the control of the railway to Bulgaria, then an ally; but there has been an obvious and radical change since then. Another possible solution would be the cession by the Greeks of facilities at Kavalla, which is a far better port than Dedeagatch. It is not in our power to say which of the several proposals is the best. That depends largely on what is politically attainable. We have mentioned one or two schemes, however, because they throw light on the nature of the problem.

The only other frontier problem which seems likely to give trouble is the boundary between Turkey and Mesopotamia. The National Pact aims at the retransfer to Turkey of the town and district of Mosul. The Mosul district is believed to be an oilfield of great potential value, but this is far from being the only reason of its importance. Lying at the foot of the Kurdish Mountains, Mosul belongs geographically to the Mesopotamian plain. Only a section of its population is Turkish, and the district now forms part of the new kingdom of Iraq, to whose king, Feisal, we are under Treaty obligations. To surrender Mosul to Turkey would be a breach of those obligations. It would make the Turks if they chose the masters of Iraq. At present Kurdistan, though nominally Turkish, is an effective barrier between Anatolia and Mesopotamia, since both the nature of the country and the character of the Kurds have prevented the Turks from ever exercising any but the most shadowy control amongst its mountains. But once admit the Turks

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to the plains, let them carry the Bagdad Railway over the narrow gap of 200 miles which now separates it from Mosul, and Mesopotamia would be at their mercy. Clearly from every point of view Mosul is part of a far wider question, that of future British policy in Mesopotamia. That policy can only be decided on its merits and after full consideration of the many grave issues involved ; and until then no one can wish to see a British retirement to Basra or beyond brought about, not because it is felt to be right, but as the first and inevitable consequence of treating Mosul as a pawn which can be surrendered to the Turks under pressure.

Amongst the Nationalist demands are the complete administrative, financial and economic freedom of Turkey, and as a consequence the abolition of the capitulatory régime, which has been in force for about 400 years. Granted at first as a mark of favour, the capitulations have come to stand as a symbol to the Turkish mind of the inferiority of the Turk to the foreigner. It is not difficult to trace this impression to the financial aspect of the capitulations : the immunity of foreigners from direct taxation and the present restrictions placed on the power of the Turkish Government to levy customs duties are indefensible. If safeguards are offered that there will be no discrimination in financial matters against foreigners as such, or against any particular nationality, there would appear to be no reason why that part of the capitulatory system should continue. On the judicial side the protection afforded to foreigners by the capitulations is still indispensable. The treatment of foreign subjects by the Nationalist authorities in the last few weeks offers the most convincing evidence on that point. There is no equitable code of civil law in Turkey, and the administration of justice has been notoriously corrupt and arbitrary. Until the Turkish Government has shown its willingness and its ability to modernise its laws and to reform its judicial system, foreigners will continue to demand, under what-

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ever name, the safeguards for life and property afforded in criminal matters by the consular courts and in civil suits by Mixed Courts under a Turkish President. Mixed Courts were set up in Constantinople by the Allies after the Armistice, and have worked well ever since; similar Courts have been in successful operation for many years in Egypt. For the Turks themselves there is no choice between allowing the substance of the capitulations on the judicial side to continue, at least for some years, or driving the foreign population out of the country. The Nationalist Government have carried xenophobia to extreme lengths, but it is difficult to believe that they can have so little sense of the need for foreign technical advice and for foreign capital, if their own ambitious programme of development is to be carried out, as to imitate the earlier practice of their Russian allies.

We turn now to what is perhaps the most difficult of all the problems to be solved at the Peace Conference—the future of the Straits. There is no parallel anywhere, geographical or political, to the stretch of sea from the Bosphorus through the Sea of Marmara to the Dardanelles. It is a strait—that is, a natural passage between two seas or two parts of the same sea—and not a river or a canal; yet it is narrower than many rivers and it bisects the capital of an empire, as the Thames divides London. Even in Herodotus' day the Scythians in the Don Valley "grew corn not merely to eat, but to sell"; and to secure the safe return of its corn-ships from the Crimea to the Piræus, the Athenian Empire had a fort near Chanak and its own permanent Commission of the Straits, the Wardens of the Hellespont. The Black Sea trade has much actual, and an immeasurable potential, importance not to one nation only but to many. Russian grain and the oil of the Caucasus must reach the outside world by way of the Straits or not at all; and the recasting of the frontiers of Austria, Hungary and Czecho-Slovakia, all of them now inland States, has made the Danube the most important inter-

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national waterway in Europe. The creation of Poland and the aggrandisement of Rumania have added vast territories to those which look for an outlet on the Black Sea. All these nations, and all those others which, like Great Britain, trade to Black Sea ports, have a direct interest in securing the free passage at all times of merchant ships between the Black Sea and the Mediterranean. In the past that security was by no means complete. In 1911, during the war in Tripoli, the Turkish Government closed the Straits to commerce, and a large fleet of British merchant ships—at that time more than half the Black Sea trade was carried in British bottoms—was imprisoned in the Black Sea for months.

It is not surprising that those who framed the Treaty of Sèvres decided that no nation could have proper guarantees for the safety of its merchant shipping unless it were at liberty to use its naval power in their defence. That, indeed, has always been a cardinal point in British maritime policy, and no regime for the Straits which effectively barred men-of-war from entering the Black Sea could be regarded as satisfying British interests. If the Straits are closed to the navies of the world, the Black Sea becomes a Russian lake, and the destiny of the small nations on the banks of the Danube is placed in Russian keeping. The provisions in the Treaty of Sèvres relating to the Straits were not open to this objection. They established a rule that the passage of the Straits should be open at all times to all ships. An international Commission was to control navigation and be responsible for the ports and harbours in the area. Turkey was to undertake not to fortify either shore and an Inter-Allied garrison was to ensure the carrying out of these provisions and at the same time to guarantee the security of Constantinople. It is clear that these arrangements are no longer feasible. The extension of the Turkish frontier from the outskirts of Constantinople to the Maritza and the Allied undertaking to withdraw from the capital when peace is signed mean nothing less

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than the restoration of full Turkish sovereignty over a wide area of Europe. In the changed conditions there is no prospect whatever of Turkey accepting an arrangement for the Straits which would place Constantinople at the mercy of an enemy fleet.

This difficulty has been generally realised, and the search for an alternative has usually proceeded on the lines of custodianship by the League of Nations. It has been suggested that freedom of navigation for merchant ships only should be guaranteed by the League of Nations, which would if necessary send a force to fortify and garrison the adjacent shores, and so at once to protect peaceful commerce from disturbance by the Turks and Constantinople from attack by sea. This course would be open to the grave objection that no ships of war could at any time either enter or emerge from the Black Sea without a breach of a solemn covenant entered into with the League of Nations. Moreover in the event of attack the League of Nations garrison might be overwhelmed before the machinery of the League could be set in motion to protect it. The Council of the League of Nations would be powerless unless it were unanimous, and it is just in an emergency that unanimity is most likely to be lacking. It is difficult to resist the conclusion that to impose on the League of Nations a task such as this is to use it for a purpose for which it is unsuited and was, indeed, not created.

Of the possible solutions the least unsatisfactory might in our view be an adaptation of the arrangement which existed before the war. Then Turkey undertook to allow freedom of passage to merchant ships, but admitted ships of war only when the Porte was at peace, and then only as an exceptional privilege and by firman. Let now the guarantee again be given by Turkey, as a part of the Peace Treaty; let it cover freedom for commerce at all times and for ships of war of all nations so long as Turkey is at peace; leave Turkey free to make whatever arrangements she pleases for the defence of Constantinople, even if

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necessary to fortify the shores of the Straits. Peaceful navigation could still be supervised by the League of Nations, acting through a Commission such as was contemplated by the Treaty of Sèvres. A settlement of this kind would have at least the advantage that it would safeguard the interests of all parties, so far as they are not conflicting. It is admittedly not without risks, but that can be said with at least equal force of any arrangement which is now practicable. Insistence on the tragedy of the Gallipoli campaign has perhaps tended to exaggerate the risk of Turkish fortifications at the Straits, because it neglects the peculiar grouping of Powers in the late war. The time may come when Turkey will again be at war with two Powers simultaneously, one on each side of the Straits, but even so it is hardly likely that her land frontier would at the same time be protected by Bulgaria. Though it would be possible to prohibit fortification of the Straits, a guarantee of immunity from attack would then have to be given for Constantinople. On the whole we prefer the risk of fortifications to the obligations of a guarantee, now that Turkey is re-established in Thrace.

There remains the perplexing problem of devising some means of protecting the racial and religious minorities in the Turkish Empire. The obligations of the Allies to these people are heavier to-day than they have ever been. The minorities, and in particular the Christian minorities, have been exposed by the mere vehemence of the Allied espousal of their cause after the war to an unprecedented bitterness of hostility from their Turkish rulers; and the failure of the Allies to provide any effective protection has left the Christians more defenceless than ever just when they were most hated. No nation which professes to guarantee justice and freedom to its own subject races can afford lightly to abandon oppressed or backward peoples after it has once taken them under its wing; and if only from respect for their own prestige it is incumbent on France and Great Britain not to desert the minorities on Turkish

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soil. It might have been thought that self-interest would have set a limit to Turkish persecution. Every branch of Turkish administration, the professions, and the whole range of commercial activity are dependent on the non-Turkish, and to a large extent on the Christian, subjects of the Sultan. Their expulsion would paralyse the economic life of the country. Even that consideration seems to be without weight in Angora. Paper guarantees are easily drafted, but it may be doubted whether there is any effective deterrent of persecution as it is practised in Turkey except the presence, within striking distance, of an armed force adequate to give protection. For that reason we trust that the Allied Powers will agree to insist at Lausanne on the retention on Turkish soil of a sufficient Inter-Allied force, until present passions have abated and the Turkish Government have given proof of a desire to permit their subjects to live in peace and unmolested.

It is such problems as these that the Lausanne Conference will have to consider. Their intrinsic difficulty, obvious though it is, is much less likely to prevent a settlement than the political atmosphere in which the Conference will meet. Unless Turkish intransigence is confronted by the three Allied Powers with complete unity of purpose, it may wreck the Conference. It is a far cry to the days when it was possible to pretend that all that was necessary to bring peace in the Near East was to follow Moslem opinion. At the root of the Near Eastern difficulty to-day is the problem of the relations between Turkey and Europe. That is not primarily a religious problem. Recent events, indeed, have emphasised how slight is the resemblance between the Nationalist movement in Angora and a religious crusade. It is significant that one of the first acts of the Grand National Assembly in the hour of its triumph is to be the deposition of the Sultan and the separation of the Caliphate from the temporal power. The dominant force in Turkey to-day is not religious but racial. The Nationalism of Angora presents perhaps the

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most extreme instance of the impassioned belief in community of race as the sole foundation of a State. That belief was not created by the war, but under the influence of the war, when 800,000 people belonging to minorities under Turkish rule were murdered and 200,000 deported, it acquired in Turkey a power almost transcending that of religion. It is now a grave danger to the future peace of Europe. To resist the most intolerant manifestations of that belief in Turkey is no more a crime against Islam than resistance to similar manifestations in Hungary or Poland is a crime against Christianity. Indeed it has become an imperative Allied obligation. To live in peace and amity with Turkey is a British as it is a French interest, for reasons far wider than that it is the desire of the Moslem subjects of the two Powers; but if peace is to be worth having, if it is to endure after the ink has dried on the Treaty, it must be peace on fair terms.

ITALY AND THE FASCISTI

THE Italian race is very ancient, but the Italian nation was created by the *Risorgimento* movement, which culminated in 1870, after not more than eighty years of self-conscious political action, in the occupation of Rome as the capital. The work appeared then to have been done. But it was not really complete : first because the Trentino was still unredeemed ; secondly because it became evident ere long that the new Italy was in practical vassalage to the Teuton Powers, owing to German industrial and cultural penetration, and owing to the Austrian military frontier, which had been so drawn in 1866 as to dominate the Italian plain. These things have been remedied at the cost of the Great War, from which Italy emerges secure and free. Through the break-up of Austria she has attained a security which she never had before, such as neither France nor England enjoys to-day. It is highly improbable that anyone will again, in the twentieth century, try to dominate or conquer Italy. This change has had a natural reflection in the buoyant sense of a new national position in the world which the Fascisti represent, not in all ways very wisely, but which other nations have been far too slow to recognise. If our new Government is to carry out its programme of being " friends with our allies " it must show that it recognises Italy's new place in Europe.

But the work of the *Risorgimento* was incomplete in 1870 in another sense also. In the inner life of the country the new doctrine of patriotism had not penetrated the whole body of the people in a permanent manner, although in

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most districts all classes had shared the enthusiasm for Cavour, Garibaldi and Victor Emanuel. When thirty years of economic distress came in place of what was to have been the golden age, patriotism ebbed, and grumbling and cynicism took its place. *Italia Una* was blamed for all that was wrong, much as the Ministry of the day is blamed in our own country. To counteract this revulsion of sentiment there was no organised patriotic propaganda of an effective kind to enlighten the peasant and the ordinary citizen. While the parties who had made the *Risorgimento*, Liberal and Conservative alike, ignobly squabbled over the sweets of office at Monte Citorio, the field of popular propaganda was left to the priest and the socialist, both of them in those days hostile to the new State and to the very idea of Italian patriotism. Least of all was there any effective teaching of the new duties of citizenship. The *Risorgimento* tradition became too much a memory receding into the past, instead of a faith that should mould the present and the future. Its official inheritors, moreover, discredited parliamentary government by their feeble administration, corrupt electioneering and the arts of parliamentary management, finally perfected by Signor Giolitti.

In the twentieth century there came, indeed, a great economic recovery, but it was connected with political and cultural vassalage to the Teuton; the moral and political life of the country only partly recovered its tone, although the monarchy and the new state were safer in 1913 than they had been twenty years before. On Italy, thus prepared and thus unprepared, came the test that "read each nation on the brow."

As might have been expected, when the question of neutrality or war was fairly posed, it was not the Ministry or the Parliament or the peasants who gave the lead, but the inhabitants of the cities who had made the first *Risorgimento*, and who in 1915 revived its drooping spirit to meet this new crisis of the nation's fate. It was they

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who in the "days of May," by demonstrations in the *piazza* of every city, forced Italy into the war, with little enough encouragement from the parliamentary classes, and in opposition to most of the priests and Socialists. In such circumstances the struggle on the "home front" in Italy, during a war of three and a half years that was to have been for six months only, was much more severe than in England. The *fascio* or *bundle* of patriotic parties at Monte Citorio was formed to fight the defeatists in Parliament, and did yeoman's service to the Allies, and to Italy. Between Caporetto and the final victory at Vittorio Veneto this good spirit swept over the whole country, overleaping all barriers, and saved the nation. That is why the Italians are so deeply moved by the words "Vittorio Veneto," even more than because they there captured 5,000 guns and 500,000 prisoners.

But after the victory there was a violent though brief reaction. When men looked round to count what they had lost in the terrific catastrophe, a wave of angry despair, of semi-Bolshevist revolt against it all, passed over Europe, including England. In Italy, where patriotism is scarcely a century old, it took a form that it did not take with us, of "defeatist" assaults on men in uniform, and on all supporters of the war, as well as on "capitalism." The national colours could not safely be shown, and an anti-patriotic "terror" was established.

The Parliamentary Government failed to restore order. It bowed to the storm, hoping that it would pass. It "hesitated to shoot." The crisis, therefore, produced the second and most characteristic development of the *fascio*—the growth of a private army of young ex-service men in football shirts, armed with sticks and revolvers, with branches in every city and district, to fight the Communists and defeatists with their own weapons. In this the Fascisti were completely successful, and earned the thanks not only of "capitalists" and landlords, who in some districts were in suspiciously close relation with the

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fascist warriors, but of the community in general, and of patriots in particular.

It is unnecessary to emphasise the grave present evils and the future dangers involved in the fact that "a sort of civil war" has been fought out between two groups of disorderly citizens, while the Government looked on helpless. Whether the blame lies mostly with the Communists, the Fascists or the Government will long be disputed. But in order to look at the matter in proper perspective, in order to understand aright this last amazing *coup d'état* of October, 1922—so different from our decorous Carlton-Club-cum-General-Election method of changing a Ministry—we must realise that in Mediterranean lands parliamentary government is not native but an importation from England, that since Cavour's death it has had no great exponent in Italy, and that although it will survive as a piece of machinery for which there is no alternative, the kind of politics that the Italian race has in its blood is the politics not of the lobby or the polling booth, but of the *piazza*. They want something dramatic—theatrical. The faction fight in the city square, the demonstration in front of the *Municipio* has been the popular method of politics in Italy from the days of Plebeian and Patrician, Guelf and Ghibelin, down through the *Risorgimento* to May, 1915, and October, 1922. In England, our mobs, meetings and demonstrations are merely adjuncts of the parliamentary system, but in Italy they are the very pulse of the nation's life.

Nevertheless the Fascisti assert that they have come, not to destroy parliamentary government, but to cleanse it from corruption and self-seeking, and to put it in touch once more with popular opinion, patriotic vigour and civic virtue. It is a large order, and we sincerely hope it may be carried out. The Fascisti announce that they will compel people to do their duty by going to the polls! Only 50 per cent. voted last time, in spite of the complete removal by the Vatican of the "*Non votate*" ban on the

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good citizenship of Catholics. The Church, by the way, has since the war fully accepted the new Italian State as having come to stop. The *partito popolare*, a Catholic though not a clerical party, is perfectly loyal to the new Italy, and holds the balance between Fascismo and Socialism, though at this moment the Fascio weights down all rivals combined.

The Fascisti intend to reform not only Parliament but the Civil Service. In some places the local black-shirts have procured the dismissal of postmen who neglected to deliver letters for a week or more. They boast that now they are in office they will cut down the extravagant numbers of more or less idle *impiegati*, whom no "parliamentary" Government has yet dared to touch. In all this there is work enough for their hand, if they know how to do it.

The Fascisti also declare that they stand for efficiency and honesty in all branches of work. They have broken up the *consorzio* of the port of Genoa, a form of legalised trade-union graft which had for years kept the port in a disgraceful state of congestion and was driving trade away.

There is no doubt that Fascismo is a fact in the moral as well as in the political world. Men of goodwill and civic virtue in Italy cannot be indifferent to it. Some of them are attracted by it, finding in it the spirit of hope, youth, revival of civic and patriotic virtue. Others, like the excellent *Corriere della Sera*, are repelled by its lawless and violent methods and its ultra-nationalism in foreign affairs. It is easy to understand both attitudes. It is at once the strength and the danger of the movement that it promises so much,—just that civic awakening which Italy so greatly needs and which ought to be the real outcome of the War. If it should fail in this, then the rebound to the old "scepticism," or to physical force socialism, may be very serious. But if it should have any success in its reform of the standard of civic duty it will do Italian life a great service.

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Fascismo was a little time ago in great danger of becoming fatally identified with mere reaction against the working class, of becoming the tool of alarmed capitalists and landlords. The *fascio* bore that character much more in some districts than in others. There is always great local variation in Italy. All one can say at present is that the leaders, at their moment of dramatic triumph, appear to be aware of this danger and to be anxious not to fall into a trap which must ruin their chance of representing the nation. It is true that masses of trade unionists and ex-socialists have recently gone over to fascism.

But it is on the side of foreign policy, perhaps, that the greatest danger lies. A party whose leaders and journals a few weeks ago were denouncing the Treaty of Rapallo, and pouring out the vials of wrath on England, has turned out *vi et armis* a Ministry which, whatever its domestic weakness, was friendly to England, had come to terms with Jugo-Slavia, and had all the instincts of a "good European." On the face of it the new situation is very grave. But Signor Mussolini's utterances during his first days of power give reason to hope (at the moment of going to press) that a good deal of his talk at Naples was "hot air," that he may avoid a serious conflict with Jugo-Slavia, and that he is willing to be friends with England if England is ready to be friends with him. But (we must not delude ourselves into supposing that the Fascisti or any future Italian Government can ever again be content simply to follow where we lead for nothing) more substantial than an occasional pat on the head whenever Italy's vote is wanted against France.

The Italians consider that we have not treated them as friends should be treated, and the feeling over there which was so friendly to us last spring has had a serious recoil. Failure to deliver the goods which Italy had been led to expect has had much to do with the popular revolt against the foreign policy of the late Italian Government and the resurgence of a Jingo mood to which the Fascisti give shrill expression.

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At Genoa we had Italy's support. In return Italy expected the fulfilment of promises made to her there. When Signor Schanzer came to London after them, he was not, she thinks, treated with the attention which a French Minister of State representing his country on an important mission would have received. Italy, in fact, feels that she was not treated as an equal. Fascismo in one of its aspects is a strike in protest against such treatment. The Fascisti and all future Italian Governments will demand equality. More than that, Signor Schanzer went back with empty hands. That was the doom of the alliance between the late Italian Government and the late British Government. The complaint is not only that no attention was paid to Italian views about Greece and the Near East, but the concessions in East and North Africa, promised to Italy in compensation for the advantages obtained by the other Allies in taking over German Colonies, have not yet materialised. And on a number of other points Italy was disappointed. We have now a chance to start afresh. There is a new Government in England and a new Government in Italy. It is to be hoped that a frank exchange of views will at the earliest moment lead to a return of the old cordial relations.


Italy's diplomatic methods have, indeed, too often irritated our public men by a certain spirit of petty bargaining or haggling, which has too frequently resulted in Italian claims being neglected altogether. The open protest, in the face of Europe, made by the fascista Government against inequality of treatment may lead to better results, provided we take the warning.

But it is not only a question of Government action ; although the friendship and admiration of our countrymen generally for Italy has always remained constant, it is also in part an affair of public opinion and the Press. In these respects there has, indeed, been a considerable improvement over here since three years ago, when some of our most important newspapers and the talk of certain

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sections of society used to minimise Italy's sacrifices and disparage her motives in the war, although those motives had been pure as our own and those sacrifices as great in proportion to her wealth and population.

These things have sunk very deep into the Italian consciousness. Six months ago they seemed forgotten, but they are remembered again now. We may have much to overlook in the near future, and our disappointment was great the other day when we were left alone at Chanak ; we must remember that we ourselves have a past to make up for.



THE COLOUR QUESTION IN POLITICS

EDITOR'S PREFACE

WHAT is the colour question? In these islands we have, of course, some notion of it. Trade and the administration of a world-wide Empire take many of us across the seas, others have friends or relations there. At the moment of writing the newspaper talk about the prohibition of the fight between "Battling" Siki, the West African negro champion, and the white boxer, Beckett, reminds us even in London that there is a colour problem. But we are in no sense in permanent touch with it. To most Englishmen it is as remote as the racial troubles of Europe must have seemed before the war to the average Australian. We know that a colour question, the status of the negro, led in America to the greatest civil war in history. We have heard of the White Australia policy;* "protection in its extremest form," Dean Inge calls it. But hearsay is not realisation. Both of these countries are in a different hemisphere to ourselves. In Great Britain there is no racial element that will not mix with the rest of the population, and our climate keeps coloured races away more effectively than the most drastic of immigration restrictions.

Immunity from "colour" does not, however, carry with it immunity from the colour problem. We are vitally

* For the reasons for this policy see THE ROUND TABLE for March, 1921, No. 42, p. 312.

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concerned, not only, as the article that follows this note points out, because we are citizens of a world-wide empire which includes every kind of race, but also because the future of the Western civilization to which we belong is itself bound up with the problem. It will remain when troubles that absorb our attention to-day have passed away. Some see in it the potential cause of another world conflagration.

The article itself is from a South African pen. It deals with a particular aspect of the problem, the political side, and it is more particularly concerned with the writer's own country. In South Africa the problem is found in its acutest form. Every other question there seems, indeed, sooner or later, to merge in it. Australia is equally suitable for both white and coloured races, but its aborigines are all but extinct, and coloured immigration was stopped before the coloured element had become large. In the United States that element is considerable, but even there it is only about one-tenth of the population.* In South Africa the million and a half odd whites are outnumbered by the coloured element by five to one, and the disproportion is increasing, as white immigration is restricted by the monopoly of unskilled work which convention gives to the Kaffir, and the whites breed less rapidly.

To understand its political side, it is, however, necessary to know something of the human side of the problem. What, for instance, is colour feeling? There are people who see in it simply the dislike that is inspired by any racial difference. To bias against foreigners, we British are supposed to be peculiarly prone. The very word "insular" implies it, and it is true that colour prejudice is exceptionally strong among the Anglo-Saxon peoples; but more than that enters into it. Others lay stress upon the economic side, the handicap which his higher standard of living imposes on the white labourer in competition with "colour." It is certainly more than that. The

* The population at the present time amounts to about 110 millions.

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question, again, is complicated by differences in "colour" itself. They extend both to shade and to kind. There are black, brown, red and yellow races. A high-class Indian or Japanese is at the opposite pole to a Kaffir labourer from the Rand or the lowest kind of Indian. The same may be said of a cultured negro, like Booker Washington. Intellectually, and in many other ways, such types stand on a higher plane than many Europeans.

What, then, is the hall-mark of colour feeling? The answer is given in the article. It is repugnance to inter-marriage. Whether nature herself looks with disfavour on the mingling of certain races, it is still too early to say. Some blends undoubtedly bring strength. In cases, however, where one of the parents is white and the other a negro, the children, in the opinion of close observers, show less power of resistance to disease, and this view is not peculiar to white people.* Some think that the offspring has a certain moral superiority where both the parents are white, or where both are coloured. But mixed unions are so often illegitimate that this may in itself account for the theory. The fact that Booker Washington was a half-caste certainly tells against it. Nor is colour feeling confined to one side. It is not just pride of race. Negroes object to mixed marriages just as Europeans do. There was a case in America where a school teacher lost a post in a negro school because she was a half-caste. The feeling is found, indeed, even among some of the coloured races themselves. India is a case in point. A light-skinned race, coming in the dawn of history from the same Asian uplands as our own forefathers, found itself in danger of absorption among the dark-skinned millions of the peninsula. The result was "caste." To this day you will find Indian stories in which the heroine is fair, and such sayings as "Never trust a black Brahman," are a sign of ancient colour prejudice. "White" is, of course, itself a relative

* We refer here to experience in the Southern States of the American Union.

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term, and the darkest European races differ comparatively little from some of those to which the word "colour" is applied. Such Europeans are, indeed, themselves called "dagos" by the Anglo-Saxon seafaring class, though there is no obstacle in this case to inter-marriage. The attitude of the "white" peoples, too, is not uniform. The Portuguese, if one may judge by results, have throughout history had little feeling against inter-mixture, and the Latin generally is credited with less colour prejudice than the Anglo-Saxon* or the Teuton.

But whatever the differences in shade, quality or view, the problem dealt with in our article will be found whenever there is repugnance to racial inter-mixture. That is the acid test.

The letter from a distinguished French authority which appears below gives the point of view of his own countrymen. It does not enter into detail on the political side,† but, in view of the suggestion in our article that Indians in South Africa should have their own councils, it is interesting to note that the idea of separation has to some extent been adopted in the constitution of the Grand Council, a local body, which under the recent reforms in the Protectorate of Tunis is to deal with economic and financial matters. In that council the French members and the native members deliberate apart,‡ only holding a

* New Zealand is an exception. Whites and Maoris have inter-married there without any colour stigma.

† The French Colonial system is, of course, radically different from our own, the principle being as much centralization as circumstances permit and a varying degree of colonial representation, coloured as well as white, in the Paris Parliament.

‡ There are 18 native and 44 French representatives. In both sections the members represent various other bodies and interests, European and native. The natives, for instance, represent five regional councils, the native Chambers of Commerce and Agriculture, the Jewish community and the military territories. The Grand Council examines the budget, each section having the right of initiative. It can only pass resolutions of a "non-political" or "non-Constitutional" character. Loans are only raised when both sections are in favour of them, and a motion passed by both on any matter affecting the budget cannot be passed over. If the two sections differ a higher Council decides. (See *La Revue Indigène*, July-August, 1922.)

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joint meeting in the event of ten members of either section calling for it. We will now turn to the letter.

"It is true that I have all my life had to do with 'coloured people' in their relations with whites. But I am not much of an author, and you must take what I have to say as simply an earnest of my desire to meet your wishes.

"What strikes me in the first place is that the English speak of 'coloured people' and 'white people.' We French speak of '*indigènes*' and '*Européens*.' Questions of the colour of a man's skin or of his race are not for us of first-rate importance. It is easy to illustrate this proposition by concrete examples. Alexandre Dumas was a negro. The author of *Batouala*, at once a colonial official and a writer of Parisian stories, is also a negro. So was General Dodds, the conqueror of Dahomey. A negro Deputy from Martinique has for a long time been vice-president of our Chamber of Deputies. We find here, I think, something peculiar to France.

"Some of the results of this French attitude are generally agreed to be deplorable; I am especially thinking of the universal suffrage which coloured people enjoy in the old French colonies.*

"Another consequence, and a more conspicuous one at the moment, is the presence of Senegalese soldiers on the Rhine, which seems to excite indignation in certain Anglo-American circles. To a Frenchman this indignation is incomprehensible. There is a Senegalese regiment at Algiers to keep order. There is either a company or a regiment of Malagasy troops at Pontivy or some other little town in Brittany. On the question of black troops you should read General Mangin's book. The brothers Tharaud, too, have just published a novel on the same subject.

"The reasons for this attitude are complex, but they are quite easy to find. Thanks to her geographical position between the Alps and the Pyrenees, at the only point where there is a considerable gap in the mountain barrier, France is the great meeting ground for the Mediterranean and Germanic races. She is inhabited by a hybrid race. Think of the physical difference between a Fleming from Dunkirk and a Corsican. To use a biological expression, a Frenchman belongs to a much less well-defined zoological species than an Englishman. The variations between the individuals of the species are greater. In everyday language, the French are a nation rather than a race. Their national heroes include Charlemagne, who was a German, and Napoleon Bonaparte, who was an Italian.

"Observe that this deep-rooted and instinctive peculiarity of ours has, as usual, manifested itself in the sphere of religious sentiment.

* See *Précis du Droit Colonial*, by Professor Girault, of Poitiers; also *L'Inde Française*, by "Maindron."

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The most reactionary of Frenchmen has, though he may not suspect it, the 'rights of man' in his blood. To describe the instinct one can use no other term than 'religious,' and it plays as important a part with us as Puritanism does in the United States.

"The very character of the French colonial empire, if one leaves out of account 'old colonies' like Martinique and Réunion, which are too small to count, lends itself to the same thing. For our really important masses of 'coloured people' one must go to the Soudan, Madagascar and Tonkin, that is to say, to the tropics, where it will always be out of the question for the white race to settle. There coloured people live their own life, for all practical purposes as remote from us as the moon. Between colonies of this kind and North America or South Africa, where both whites and negroes are equally at home, in considerable numbers and in permanent contact with each other, there is all the difference in the world. Nor have we any possession corresponding to Australia or California, with their standing menace of yellow immigration. In such countries it is quite natural for the whites to protect themselves through race consciousness and the instinct against mixed marriages.

"When I was a young man I lived in Madagascar, and I there learnt to realise the abyss which separates a coloured from a European people. Some time back I tried to express this in some articles which appeared in the *Revue de Paris*. But the mass of the French public takes no interest in such matters. They do not come home to them in any way, nor have they a sufficiently direct bearing on the everyday practical needs of the nation. For us there is no 'colour' problem. We have not even a French word for it, and have to describe it in periphrasis.

"On the other hand, we have a million French colonists living in Algeria, at the very gates of France, in contact with a native society, under conditions which involve the closest intercourse. These natives are themselves Mediterranean whites, and as far as race goes, not very far removed from ourselves; but they are Mahommedans, and this fact creates a gulf between us and them. The question is a real one there, and public opinion is deeply stirred by it. We call it 'the native question.' It affects Anglo-French relations by the repercussion that it has upon the Near Eastern problem.

"At the time of the Young Turk Revolution the late Paul Bourdi started a lively campaign on the native question in *Le Temps*, and carried it on for years. You will get some idea of this if you look through the pages of the *Revue Indigène* from the year 1912 onwards. You are, no doubt, familiar with Loti's and Claude Farrère's novels. These writers are sailors. They see the East from the harbour where their ship lies at anchor. Gobineau, who has actually lived in the East, has written books on this subject which go far deeper.

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Read, for instance, his *Nouvelles Asiatiques*, which has just been reprinted. No one reads Gobineau, though you will find Loti and even Farrère in everybody's hands. The French public, thanks to atavistic influences and its sub-conscious faith in the gospel of the 'rights of man,' is especially responsive to writers who show them men who are not only equal in law but actually like themselves. Nevertheless, the stubborn realities of life in North Africa are not without their influence. Thanks to them the native question is awakening a degree of attention which can almost be described as passionate."

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"Free institutions are next to impossible in a country made up of different nationalities. Among a people without fellow-feeling, especially if they read and speak different languages, the united public opinion, necessary to the working of representative government, cannot exist." (John Stuart Mill, *"Representative Government,"* Chapter XVI, published 1861.)

"The progress of society depends on the mixture of races under the same Governments." (Lord Acton, *"Essay on Nationality,"* published July, 1862.)

"A State which is incompetent to satisfy different races condemns itself; a State which labours to neutralise, to absorb or to expel them, destroys its own vitality; a State which does not include them is destitute of the chief basis of self-government." (Lord Acton, *ibid.*)

"The great importance of nationality in the State consists in the fact that it is the basis of political capacity. The character of a nation determines in great measure the form and vitality of the State. Certain political habits and ideas belong to particular nations, and they vary with the course of the national history. A people just emerging from barbarism, a people effete from the excesses of a luxurious civilisation, cannot possess the means of governing itself. . . . Each of these can be converted into efficient members of a free community only by the contact of a superior race, in whose power will be the future prospects of the State. A system which ignores these things, and does not rely for its support on the character and aptitude of the people, does not intend that they should administer their own affairs, but that they should simply be obedient to the supreme command. The denial of nationality, therefore, implies the denial of political liberty." (Lord Acton, *ibid.*)

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INTRODUCTORY

ON what principle should political power be distributed in a free country, where the population includes distinct racial elements widely divergent from each other in tradition and culture, in order to maintain free institutions in the fullest health and vigour?

The object of this article is to plead for a further examination of this fundamental question, and to suggest certain considerations, sometimes in danger of being overlooked, which must be taken into account before a final answer is given. The well marked racial divergencies to which the question refers are usually connoted by differences in physical characteristics, of which colour is the most conspicuous, but use of the term "Colour Question" as a convenient title must not be taken as implying an assumption that colour differences are necessarily more important than any other marks of race distinction, or that divergencies between races of the same colour may in this context be safely disregarded.

The special significance of colour differences lies in the fact that they are usually regarded by self-respecting members of races so divided as a serious barrier against intermarriage, which can only be passed at some risk of personal degradation.

The question thus broadly stated affects profoundly the future of great countries both within and without the limits of the British Commonwealth, but for the Commonwealth it is a question of special urgency. Owing to the nature of our institutions and ideals we find ourselves confronted to-day in various parts of the world with pressing and difficult problems of which the right solution depends on the answer to be given. There is imminent danger that attempted solutions of these problems may be dictated by the necessities of the moment, and by the successful exercise

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of political pressure from one quarter or another, and that we may find ourselves prematurely committed to courses which are mistaken in principle and will therefore ultimately prove disastrous in practice. The most acute of these racial problems is that which arises from the presence of communities of British Indians in different parts of the Empire, and two declarations of policy recently made on this subject provide a convenient starting point for discussion.

I. DECLARATIONS AS TO POLITICAL STATUS OF BRITISH INDIANS

The two declarations referred to are as follows :—

(1) The Conference, while reaffirming the Resolution of the Imperial War Conference of 1918, that each community of the British Commonwealth should enjoy complete control of the composition of its own population by means of restriction on immigration from any of the other communities, recognises that there is an incongruity between the position of India as an equal member of the British Empire and the existence of disabilities upon British Indians lawfully domiciled in some other parts of the Empire. The Conference accordingly is of the opinion that, in the interests of the solidarity of the British Commonwealth, it is desirable that the rights of such Indians to citizenship should be recognised. (Extract from resolution passed by 1921 Conference of Prime Ministers and Representatives of the United Kingdom, the Dominions and India—South Africa dissenting.)

(2) The Committee have decided to recommend the acceptance of the general principle which the Government of India have laid down, namely, that there is no justification in Kenya for assigning to British Indians a status in any way inferior to that of any other class of His Majesty's subjects. . . . It is true that the Committee quickly realised that the question involved not merely the status and privileges of Indians in Kenya Colony, but in any British Colony, Mandated territory or Protectorate into which Indian immigration has occurred or may occur in the future. The handling of this question cannot therefore be dissociated from Imperial policy of vital importance, and may even affect the self-governing Dominions. But it is with Kenya alone that this Committee are at present con-

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cerned, and their recommendations are limited to the problems which have arisen there. It is the view of the Committee that any opinions which they may express with regard to Kenya need not of necessity be applicable to other cases, where the conditions may be different, and they have no desire to prejudice future issues which may not be wholly analogous. (Extract from Third Report of Standing Joint Committee (of Lords and Commons) on Indian Affairs, Session 1921.) This paragraph of the Report was adopted by the Committee by a majority of one vote, Contents 8, Non-contents 7.

These two declarations do not stand on the same footing; that contained in the Conference resolution is of course by far the most important and authoritative but it is convenient to examine them side by side. The resolution of the Conference does not go quite so far as the report of the Committee in insisting on equality of political status. It is possible to read the resolution as intended to leave open the question whether there are to be special terms regulating the admission of Indians to the rights of citizenship, but if the clause referring to citizenship is read in close connection with the preceding clause as to the existence of disabilities a declaration in favour of political equality is implied.

The Committee's report leaves no doubt as to their approval of the local application of the principle of political equality in the particular territory with which they dealt, and they hint that its acceptance there may not unreasonably be taken as involving the application of the same principle in most if not all other parts of the Empire. But they confine their direct affirmation of this principle of equality to Kenya alone, and on the question of the method to be adopted there of giving effect to the principle by the terms of a franchise law they speak with hesitation.

It may be that the best machinery will be found in the adoption of a Common Electoral Roll and a Common Franchise on a property basis with an educational test. This is in effect the Indian claim, but it was strongly objected to by some of the witnesses on the ground that as the Indians outnumber the Europeans by more than three to one (about 30,000 to 8,000 or 9,000), a Common Roll, *even*

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*with a restricted franchise,** would, if not immediately, before long, give a majority to the Indians and create a situation which the Europeans could not accept.

On the information before them the Committee therefore abstained from suggesting in what precise manner the franchise should be framed with regard to the various interests in Kenya. Whatever, then, the precise limitations subject to which these two declarations rightly interpreted should be read, both deal with the same fundamental issue and both either imply or assert that the principle of political equality between British subjects of Indian origin and British subjects of European origin is to be accepted as the general principle governing the political status of British Indians domiciled in other parts of the Empire.

The Conference resolution makes no reference to the question of political capacity, and its recommendation is not based on any estimate of the fitness of Indians domiciled in different parts of the Empire to exercise the franchise, but solely on the effect that the recognition of their "rights to citizenship" might be expected to have on "the solidarity of the British Commonwealth." It would seem therefore that the Conference was disposed to adopt the theory of political equality between Indians and Europeans as a matter of political expediency without concerning itself to enquire how far that theory accorded with facts.

It is true that the franchise laws of the different parts of the Empire were no concern of the Conference, and it may perhaps be urged that the Conference was justified in assuming that each Dominion would apply appropriate

* The italics are not in the original. The implied suggestion is that franchise qualifications are to be kept artificially high in order to prevent Indians from swamping Europeans. Such a plan would presumably involve exclusion from the franchise of a certain number of Europeans, not because of their unfitness, but to secure the exclusion of a larger number of Indians. Compare the history of the franchise in Cape Colony and the present opposition in South Africa to women's franchise, which is largely based on the existence of the native and coloured vote.

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tests to any person who might claim the franchise under cover of this resolution. But if the resolution is to be read as implying that Indians are to be admitted to the franchise in different parts of the Empire on precisely the same terms as Europeans, then it involves the assumption that any tests which are applied to Europeans will equally apply to them. If, in fact, the Indians domiciled in different parts of the Empire do differ in political capacity and experience from the Europeans domiciled in those parts, this assumption breaks down. It may be that these expatriated Indians, given the opportunity, will in time develop the same political capacity as Europeans, but so far they have not had the opportunity in India itself or on any considerable scale outside India. Indians are now for the first time being given in India the opportunity of learning the working of parliamentary institutions and of responsible government; and we hope to see this alien type of polity gradually acclimatised on Indian soil. But so far the process has only begun, and the home traditions of Indians settled in other parts of the world do not help them to understand the nature or guide them in the use of a parliamentary vote. The franchise arrangements adopted for the initial stages of India's political development are not, it may be observed, based on any assumption of political equality between different races and classes in India—quite the reverse.

Whatever the possibilities and hopes of the future it would be a most extraordinary thing if Indian emigrants and their children in other parts of the Empire, differing as they do in traditions and culture and lacking political experience, should yet so closely resemble in political capacity the European settlers in the same countries who have inherited traditions of democratic government and have from their youth up been familiar with its practice, that the franchise can be safely extended to them on identical terms. The grant of the franchise on equal terms implies an assumption of equal political capacity. If we

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should be seriously out in making this assumption, if in truth it is an assumption which facts entirely fail to justify, then, though as long as we confine ourselves to cases where only small numbers are involved no serious results may follow, if we proceed to adopt and act on this assumption on a large scale, we shall head for disaster. To grant political privileges to any large number of British Indians which they are unfitted to exercise will not give the Indians concerned any real political liberty, and will not in the long run make for "the solidarity of the Commonwealth," but will produce unhappy results for the Indians themselves, for the people of the Dominion who try the experiment, and ultimately, it may be feared, for the Commonwealth at large.

II. SOUTH AFRICA'S DISSENT

"The representatives of South Africa regret their inability to accept this resolution in view of the exceptional circumstances of the greater part of the Union."

THIS is the form in which South Africa's dissent from the terms of the Conference resolution was recorded. The true significance of that dissent has perhaps not been fully appreciated. There is a tendency in some quarters to attribute the South African attitude merely to the survival in the Union of the old Boer republican sentiment of racial prejudice and exclusiveness, embodied in the uncompromising declaration of the Transvaal Grondwet that there should be "no equality between white and black either in Church or State," and to the reinforcement of that sentiment by the trade jealousy of European store-keepers faced with Indian competition; and some people seem to anticipate that this sentiment will gradually die away and give place to a more liberal policy, as the Boer farmer gets a broader outlook and becomes less conservative in his

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ideas and the European store-keeper learns to accept the inevitable conditions of trade rivalry. But this is a very imperfect account of the South African attitude, and it is necessary that that attitude should be rightly understood in order that South Africa may not incur undeserved odium for adhering to what is regarded as a selfish and illiberal view on a question which affects so closely the relations between India and other parts of the Empire. The fact is that South Africa is the only Dominion in which this question of racial equality between Europeans and Indians, or between Europeans and non-Europeans, is a matter of serious practical importance. The right of each Dominion to control migration to its own shores, reaffirmed in the same Conference resolution, having been conceded, the question whether or not the few Indians now in Australia, in Canada, and in New Zealand, shall be entitled to the franchise is a matter which the European citizens of those Dominions can afford to view almost with indifference, and when it is pointed out to them that the refusal to admit these Indians to the franchise on equal terms involves making an apparently invidious distinction against them which is deeply resented by great numbers of their fellow-countrymen in India, they very naturally and properly show a desire, at the sacrifice, perhaps, of some "prejudice" of their own, to meet the difficulty by extending the franchise to Indians, even if they are logically compelled at the same time to extend it also to other Asiatics settled in their countries who are entitled to rank as British subjects.* Moreover, where a very small number of Indians is involved, not only is there little object to be served from the point of view of the European community in debarring them from the exercise of the franchise on racial grounds, but there is less justification for doing so. Where a small group of

* It appears, however, that in British Columbia the question of the status to be accorded to about 2,000 immigrants from British India is gravely complicated by the presence of a much larger number of naturalised Japanese.

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non-Europeans, which can receive no additions by immigration, lives in the midst of a large European population, the natural tendency is for the racial ties to relax, and for members of the group gradually to become westernised in their habits and outlook, and to lose their distinctive racial characteristics. But where a large Indian community is involved, and where the racial position is further complicated by the presence of a much larger non-European population, native to the soil, the position is very different, both as regards the continuing influence of racial ties and as regards the threat which an extension of the franchise to Indians involves to the European community which has hitherto been for practical purposes the sole repository of political power. Neither Australia, New Zealand, nor Canada is in any sense a test case for the purpose of this theory of racial equality in the sphere of politics: the acceptance of the theory, so far as concerns the Indian population of those territories, is a matter of very small practical importance, because even if it is utterly wrong in principle, the effect given to it will be on so small a scale that it can produce no dire internal results, while from the point of view of external policy—*i.e.*, of the relations of India to the other parts of the Empire—there is no doubt a great apparent advantage in its acceptance. But South Africa is a test case, because the question of political equality between Europeans and non-Europeans is there a vital question in the settlement of which the whole question of the country's future destiny is deeply and directly involved. In this case acceptance of a wrong theory will lead to disastrous results; and for the sake of the peace of South Africa herself, and of good relations between South Africa and India, the discovery of the right theory with a view to its consistent though perhaps gradual application is a matter of urgent importance.

What are the "exceptional circumstances of the greater part of the Union" alluded to in the clause which records South Africa's dissent from the Conference resolution?

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They can perhaps best be summarised in two statistical tables showing respectively the figures of population and of voters, roughly grouped according to race, in the four provinces of the Union.

(1) POPULATION FIGURES (1921 CENSUS).

Province.		1.	2.	3.	4.
		White.	Coloured.	Total White and Coloured.	Asiatics included in (2).
Cape	.. ..	651,554	2,129,631	2,781,185	7,726
Natal	.. ..	137,742	1,289,689	1,427,431	140,871
Transvaal	.. ..	544,486	1,541,351	2,085,837	14,867
O.F.S.	.. ..	189,142	439,218	628,360	220
Union totals	.. ..	1,522,924	5,299,889	6,922,813	163,684

(2) VOTERS IN DIFFERENT PROVINCES (1922 RETURNS).

Province.		Euro- peans.	Natives.	Indians	Mixed	Pro- vincial Totals.
				or Asiatics.	or other Coloured.	
Cape	.. ..	156,500	14,282	2,429	24,361	197,572
Natal	.. ..	34,041	2	45	389	34,477
Transvaal	.. ..	140,589	—	—	—	140,589
O.F.S.	.. ..	49,310	—	—	—	49,310
Union totals	.. ..	380,440	14,284	2,474	24,750	421,948

These tables show that of the total population of the Union less than one-fourth is European, but that this minority provides no less than nine-tenths of the total number of voters. The non-European voters number 41,508, and all with the exception of 400 odd in Natal are domiciled in the Cape Province, where they form about one-fifth of the total electorate. The natives and coloured people greatly outnumber the European population not only in the Union taken as a whole, but in each province. The Asiatic population taken alone slightly outnumbers the European population in Natal, but is comparatively insignificant in the other provinces. It represents one-fortieth of the total population of the Union, and is equivalent in numbers to about one-tenth of the total European popula-

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tion. The dogma of political equality between different races may be a question of academic interest to other Dominions, but under these racial circumstances it is of the most direct and vital importance to the future of South Africa.

The South Africa Act, 1909, left the different colonies to retain their own franchise laws when they became provinces of the Union, subject to any fresh legislation by the Union Parliament, and the laws as existing at the date of union remain as yet practically unchanged. In the Cape the principle of racial equality, to which effect was given in the original Constitution Ordinance of 1853, is still adhered to, and the franchise is "colour blind." There are alternative property and wage-earning qualifications together with an educational test of a by no means exacting type: in order to pass this test the applicant for a vote has to sign his name and write down his address and occupation. In the three other provinces an opposite theory prevails, and the franchise laws are based on frank recognition of racial inequality. The Natal law, which prescribes alternative property and wage-earning qualifications without any educational test, excludes from the franchise natives and coloured persons, unless, in addition to fulfilling various other requirements, they can obtain certificates from the Governor-General in Council, the grant of which is discretionary: and there is a similar bar against admission to the franchise of natives, or descendants in the male line of natives, of countries which have not hitherto (that is, prior to 1896) possessed representative elective institutions founded on the parliamentary franchise. By this barrier British Indians are in effect excluded. In the Transvaal and the Orange Free State there is no property or wage-earning qualification, but the franchise is confined to white persons; all white male adults who are British subjects have the vote provided they have the qualification of six months' residence in the Union.

The South Africa Act makes special provision for safe-

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guarding the continuance of the existing franchise in the Cape by providing that any alteration of the franchise law which disqualifies any person from registration as a voter on the ground of race or colour shall require the sanction of a two-thirds majority of both Houses of Parliament sitting together. But while the franchise law of the Cape is thus safeguarded, the Act in certain other respects makes a serious infringement on the principle of racial equality as hitherto in force in that province. It provides that only persons of European descent shall be qualified to sit in Parliament, and adopts as the basis for distribution of seats in the Assembly among the different provinces the number of European male adults in each province, so that the Cape gets no additional representation in respect of its 40,000 native and coloured voters, but its European voters suffer some sacrifice in the value attached to their votes in order that the native and coloured voters may share in the privilege of returning to Parliament the number of members assigned for the representation of the province.* Apart from these provisions directly affecting the Cape itself, the mere fact of entering into partnership with three provinces which do not allow natives or coloured people to exercise the franchise, and are apparently resolved against any alteration of their policy in this respect, goes far to neutralise the influence of the native and coloured voters in the Cape. The passing of the South Africa Act involved, therefore, a decided check to the application of the principle of racial equality in the sphere of politics, and there is not the slightest probability of this principle receiving recognition in any revision of the franchise laws of Natal, the Transvaal and the Free State. So far as the Transvaal and the Free State are concerned, the British Government, by

* The South Africa Act establishes within each province the principle of "one vote one value," by providing that each constituency in the province shall contain, as nearly as may be, an equal number of voters (with a margin of not more than 15 per cent. either way to be allowed on certain specified grounds) by setting up machinery for "automatic redistribution" every five years.

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sweeping away in the constitutions granted in 1906 and 1907 all property and wage-earning qualifications for the franchise, and prescribing only a six months' residential qualification, has interposed an extra obstacle against the admission to the franchise of non-Europeans. There is some possibility that coloured men—*i.e.*, men of mixed race with European blood—may eventually be accepted in these provinces as Europeans and thus obtain the franchise, but this change, for which on grounds both of justice and expediency there is a strong case, is made very difficult by the absence of any property or wages qualification.

The famous formula "Equal Rights for every Civilised Man" has been proclaimed as the motto of Cape policy. The formula is open to criticism on the ground that it implies recognition of only one possible type of civilisation, the particular type developed in the west of Europe which fits men for the work of self-government under parliamentary institutions, and thus bans as uncivilised races which may have attained a high degree of culture in other directions without knowing anything of parliamentary government. But if we accept the formula, what is to be the test of civilisation for the purpose of its application? The Cape system is to apply a single test of civilisation indiscriminately to men of all races. The political capacity of white, black and coloured men is measured by the same standard—the earning of wages or the occupation of property, with the addition of the rudimentary educational test already described. The wage-earning qualification now stands at £50 per annum, and the property qualification is occupation of property of the capital value of £75. In 1892 the wage-earning and property qualifications were raised to these figures, and the education test was added, with the deliberate intention of restricting the number of native and coloured voters. A further safeguard was introduced two years later which involved a very thinly disguised departure from the policy of applying one uniform test to all races. It was provided in the Glen Grey Act, 1894, that individual tenure

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of location allotments granted to natives under that Act should be deemed to be communal tenure for the purpose of the franchise laws, and that the value of land held or occupied under such tenure should therefore not be reckoned for the purpose of the holder's franchise qualification. The existence of this restriction in the native territories of the Cape partly accounts for the fact that out of a total native population in those territories of 1,215,900 only 3,080 are registered voters. Taking the Cape Province as a whole the increase in the number of native voters has hitherto been remarkably slow. The present total is only 14,282, as compared with 8,127 in the year 1903. The number of coloured, as distinct from native, voters is considerable; including Indians the coloured voters now total 26,790, as compared with 12,601 in 1903. But though in the majority of Cape constituencies the native and coloured vote is now a factor of importance, there are still out of fifty-one constituencies only two in which the native and coloured voters taken together outnumber the Europeans. The crucial test of the Cape system will come when there is so great an increase of the native vote as to overwhelm the European vote in a number of constituencies. Unless the franchise qualifications are again raised—a very difficult step to take in view of the residential franchise in the north—such an increase cannot be long delayed.

The South African Native Affairs Commission which reported in 1905 foresaw the crisis which would inevitably result from a great increase in the number of native voters. The present number of native voters was, they observed, "the merest fringe of the impending mass." There would soon be a great increase in their numbers and in some constituencies the native voters would outnumber the Europeans.

Under such circumstances the voting of the future may proceed upon race lines, and no one acquainted with the conditions of life

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in South Africa will hesitate to say that a conflict would then arise fatal to the good relations which have hitherto existed between white and black in this country. . . . It is certain that the Europeans in any constituency will not rest content to be represented in their legislature by a member returned against their wishes by the native vote alone, and it is equally certain that throughout South Africa the European will not tolerate in any legislature a Ministry dependent upon a majority consisting of members owing their seats to the native electorate.

While pointing to the disastrous consequences which were to be anticipated from adherence to the existing Cape system, the Commission nevertheless considered that natives should be accorded some representation in all South African legislatures, provided that such privileges could be extended to natives

without conferring on them political power in any aggressive sense, or weakening in any way the unchallenged supremacy and authority of the ruling race, which is responsible for the country and bears the burden of its government.

The system of native representation which the Commission unanimously recommended for adoption throughout South Africa resembles that which has been successfully adopted for the purpose of representation of the comparatively small racial group of Maoris in New Zealand: they proposed that there should be

separate voting by native electors only for a fixed number of members to represent them in the legislatures of the country with the same status as other members; the number and qualification of such members to be settled by each legislature; the number to be not more than sufficient to provide an adequate means for the expression of native views and the ventilation of their grievances, if any, and not to be regulated by the numerical strength of the native vote; no native to vote at the election of any candidate or member who is to represent Europeans.

Among the advantages which would in the opinion of the Commission result from adoption of this plan were "the

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avoidance of racial strife"—which it considered inevitable under the existing system in the Cape—and

the freeing of all questions affecting the betterment of the natives from any considerations of consequent increase in their political power, and from the resulting hostility to measures conducive to their progress and improvement on the part of many Europeans otherwise friendly to the native cause.

The National Convention of 1908-9 did not give any direct effect to this recommendation, but the introduction into the South Africa Act of a provision that of the eight nominated members of the Senate four "shall be selected on the ground mainly of their thorough acquaintance, by reason of their official experience or otherwise, with the reasonable wants and wishes of the coloured races in South Africa" is evidence that it was not entirely ignored.

It will be observed that the Commission avowedly dealt with the subject on the basis that any form of representation to be accorded to natives must be such as will not imperil the supremacy of the ruling European race. In taking this attitude they reflected what was then and is now the almost unanimous conviction of white South Africa—that any surrender of European supremacy would be a betrayal of the country's future. Is this universal conviction to be condemned as the outcome of selfish race prejudice or to be justified as based on the sound political instinct of a people bred in traditions of self-government? It is important to distinguish between countries with large native populations where comparatively few Europeans are ever likely to become permanent settlers, and where the European rulers seem fated always to be merely birds of passage, and a country such as South Africa, where, though the native population exceeds the European in numbers, there is still a large European population permanently established on the soil. In countries of the former type the choice is between government by aliens and government by natives: and we have come to recognise that government

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by natives, even though second-rate in efficiency, is better in the long run than first-rate government by aliens, simply because the people of the country can never be brought to identify themselves fully with an alien government and therefore, however excellent such a government may be, feel themselves deprived of real freedom of self-expression and development. But in South Africa there is a large permanent white population sprung mainly from two allied European races who regard the country as a precious inheritance, won for civilisation by the pioneer labour of their forerunners, Dutch and British, which it is their duty to hand down unimpaired to their children. They believe in the capacity of their own race to make South Africa a country which can take its stand as one of the great countries of European civilisation, and they are convinced that any political arrangement which would have the effect of committing its future to the control of coloured races would be a betrayal of their trust.

This conviction is based on faith in the superior qualities of the white race in the sphere both of government and industry. No doubt there are mixed up with that faith strong elements of selfishness and race prejudice, which lead many Europeans, especially those who have themselves fallen to lower levels, to view with grudging and resentful eyes every advance, industrial and otherwise, of the coloured races as involving an encroachment on the white man's privileged sphere. But those who are the most earnest champions of the doctrine of trusteeship as applied to native and coloured races are also, as a rule, stout upholders of European supremacy—just because they wish Europeans to be in a position to exercise that trusteeship, and because they believe that any European abdication will be disastrous not only for the Europeans but also for the coloured peoples themselves whose hope of ordered progress depends on the continuance of European guidance and leadership. Whatever the defects of European government of subject races in Africa, there is no doubt that this

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belief in the superior powers of the European and the necessity in the common interest of all of maintaining the European in his dominant position is a belief for which experience hitherto gained of race capacity and achievement affords much justification. It cannot be disregarded as mere racial bigotry which will soon be dispelled under the beneficent régime of free institutions in which all races share alike. Other countries have had to pay the penalties involved in the acceptance of a policy which deliberately ignores differences between white and coloured races, and defies the white man's deep-rooted belief in his colour race superiority. The reckless extension of political privileges to any class or race without reference to its political experience or capacity is apt to result either in the wholesale purchase of its votes by bribery or the wholesale denial of its rights by force. South Africa has happily hitherto been almost entirely free from such disastrous antagonisms between law and practice.

To revert now from the South African native to the Indian immigrant. The question of the political status to be accorded to the latter is inevitably complicated by the native problem. The history and conditions of South Africa create an atmosphere which is unfavourable to the idea of equality between races. The average white South African is no doubt apt to show a great lack of discrimination in his attitude towards the respective claims of Indians and natives. From his point of view the Indian is just another kind of coloured man, welcome as a labourer but unwelcome as an intruder in commercial fields which the white man regards as peculiarly his own, and he cannot see why the Indian should claim to be put on a higher level than the coloured man who is native to the soil. In his mind the extension of political privileges to Indians would inevitably be accompanied by the extension of similar privileges to natives; he persistently refuses therefore to consider the question of the political status of the Indian apart from the much bigger question of the political status

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of the South African native : and he fails to recognise in the Indian settlers in South Africa the representatives of a great country with a historic past—including among its inhabitants races which have attained a high degree of culture—inspired now with a newborn sense of national unity, and admitted by common consent to equal partnership in the councils of the Empire.

In excuse for this lack of perception on the part of the white South African it must, of course, be remembered that the Indian types with which he has been mainly in contact have all belonged to the lower classes and that there has not been much to distinguish in his view the Indian who arrived as an indentured labourer from the native African who was employed in similar work. There are perhaps some signs of a gradual process of enlightenment, and we may reasonably look forward to the adoption by degrees of a more tolerant and discerning attitude ; but, however much the atmosphere may thus change for the better, fundamental difficulties will remain.

The civilisation of South Africa as it exists to-day is due to European leadership, and the free institutions of the country have been built up by Europeans, on the European model, in accordance with the traditions and ideals of their homelands. The Europeans are not prepared to surrender the control of these institutions into alien hands. From this point of view, however great the differences between the two, the Indian is as much an alien as the Bantu. He is equally a stranger to European methods of government and to the working of parliamentary institutions. It may be that in process of time the Indian in South Africa will become assimilated in habits and ideas to the European. But until that process is obviously well on the way to accomplishment the great majority of white South Africans will remain convinced that it is impossible to throw down the barriers which exclude the Indian from the franchise and to maintain those which exclude the Bantu. To throw down both sets of barriers would mean, for the Europeans,

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consent to the process of their own submersion. No white man in Africa will consent to that process. Even if the Indian case could be dealt with alone, the comparative numbers of Indians and Europeans in Natal to-day are such that in the European view admission of Indians to the parliamentary franchise would spell surrender and betrayal.

III. AN ALTERNATIVE POLICY

THOUGH the rest of South Africa has shown since union no disposition whatsoever to follow the Cape precedent by an extension of the parliamentary franchise to natives, there is another development of Cape native policy which has been accepted by the Union Parliament as pointing the path of future advance for the whole Union. A system of Native Councils has long been in operation in the great native territories which form a considerable part of the Cape Province. These councils consist of native members, partly nominated and partly elected, with magistrates as chairmen. In the Transkeian territories there are eighteen District Councils, and a General Council consisting of representatives of these District Councils. The functions of these District Councils are in theory advisory rather than executive, but they take in practice an active part in the local government of their districts. Their revenues are provided by a local rate levied on natives resident in their areas, and they prepare annual estimates of expenditure which are submitted for Government approval. The General Council, besides dealing with numerous matters of local government—including roads, dams, health, education and agricultural training—provides, to use the words of a recent report of the Union Native Affairs Commission, “a forum for the discussion of every conceivable aspect of native interest.” Its resolutions are submitted for the Government’s consideration, and a

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full report of its proceedings is annually laid before Parliament.

The Native Affairs Act, 1920,* has now provided for a further development of this system of Native Councils and for its gradual extension to native areas in all provinces of the Union. The local councils to be established under this Act, which are to consist solely of natives, though European officers may be appointed to preside or to assist in an advisory capacity, will have considerable executive powers in matters of local self-government—including roads, education, hospitals, improvement in agricultural methods—and will have power to levy rates up to one pound a year on each native male adult resident in their area; and there is an important provision that the amount of any special native tax payable to the Union Treasury for which natives are liable will be abated to the extent of the rate thus levied. Apart from its executive functions in the sphere of local government, each council is charged with the duty of advising the Government and the standing Native Affairs Commission, established under the same Act, in regard to any matters affecting the general interests of the natives whom it represents. The Act further provides that the Governor-General may on the recommendation of the Native Affairs Commission convene conferences of natives, including chiefs, representatives of local councils, and delegates from native political associations, "with a view to the ascertainment of the sentiments of the native population of the Union or of any part thereof in regard to any measure in so far as it may affect such population."

It is obvious that this Act contains the germ of very important constitutional developments not only in the sphere of native local self-government but also in the organised consultation of native opinion on the general affairs of the country. It may be that we have here the beginning of the building up of separate parliamentary machinery for the systematic and constitutional expres-

* See THE ROUND TABLE, No. 44, September, 1921, p. 945.

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sion of native opinion. The Act thus brings into view an alternative policy to the admission of natives to the parliamentary franchise—the policy of creating parallel native institutions, side by side with the national Parliament, in which all sorts of measures can be freely debated by natives, under the guidance of European officers, and in which natives can exercise direct control of taxation and expenditure specially affecting themselves, and can formulate their views for submission to Government and Parliament on the general affairs of the country.

A possible, though perhaps remote, development of such a policy would be the sending of delegates from such native parliamentary bodies to the Parliament of the country for the purpose of presenting directly the native views, and the question would then arise as to the status of such delegates. Should they take their seats in Parliament on the same footing as other members, or should they have only the right to speak and not the right to vote? It will be remembered that the Native Affairs Commission of 1905 proposed that there should be a limited number of native representatives who should be on exactly the same footing as other members, but an obvious objection to this plan is that if you give the native delegate the right to vote you involve him in the party game, and in the making and the unmaking of Governments. If you do not give natives representation on a numerical basis, the object of the presence of native representatives in Parliament is to secure a first-hand public statement of the native point of view, not to bring into play the weight of numbers. The right of freely taking part in public debate in a Parliamentary assembly—imbued with that sense of fair play which it is the peculiar and traditional virtue of Parliaments to engender—is a powerful weapon for the purpose of preventing injustice and securing the redress of grievances, and the fact that native delegates were exempt from all party entanglements and manœuvres might in some ways give greater weight to the expression of their views.

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It is at least conceivable that the question of Indian representation may eventually be dealt with on similar lines. South African opinion does not show any sign to-day of moving in this direction ; the present tendency is unfortunately all the other way, in the purely negative direction, and efforts are being made to deprive Natal Indians of the municipal franchise which they at present enjoy, owing to the fear that in some of the smaller towns they may soon command a majority. At the same time many white people are compelled to recognise that the Indian communities in the Transvaal and Natal, which contribute large sums in taxation to the Union exchequer, cannot be permanently left without any constitutional means of expressing their views on questions affecting their interests. There is, of course, the difficulty that Indian settlers are not, like great sections of the native population, concentrated together in large areas, but live scattered about the country among the Europeans. There is therefore little opportunity for developing a separate system of Indian local government. But it seems possible that representative bodies of Indians might be established in certain areas with power to deal with such questions as Indian schools and hospitals, and to raise funds for these purposes, subject, as in the case of natives, to some proportionate abatement of their contributions to the general exchequer. Such bodies, in addition to performing certain administrative duties, might also be utilised for purposes of consultation on questions specially affecting Indian interests, and their co-operation might be gradually secured in the settlement of some of the outstanding difficulties between Europeans and Indians. Ultimately the question of giving to such bodies the right to send delegates to Parliament, who could directly represent the Indian point of view in the national councils, might come within the range of practical politics.

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IV. CONCLUSION

THE writer of the article on "White Australia," in THE ROUND TABLE of March, 1921, laid stress on the difficulty of working democratic institutions in a State containing a population divided into sections by deep racial cleavages, and declared that at the back of the demand for a White Australia was the desire to avoid the race struggle which would in his view be inevitable under such conditions, and which would prove fatal to the realisation of a democratic ideal. Those communities within the Empire which are already faced with the conditions which Australia is so resolutely seeking to avoid cannot as yet lay claim to having found a successful solution of their racial problems, but, as far as their experience has gone, they are unwilling to put faith in advisers who bid them apply unaltered to racially heterogeneous communities the same forms of political representation as have hitherto been successfully applied only to communities which are, comparatively speaking, racially homogeneous: they feel that they may have to depart from traditional methods, and to hammer out for themselves new plans for enabling different races to co-operate harmoniously, in different degrees and according to their respective capacities, in the work of government and legislation within the limits of a single self-governing community.

Experience gained in the last sixty years has gone a long way towards confuting the sweeping generalisation contained in the extract from J. S. Mill's *Representative Government* which is quoted at the head of this article. If we confine ourselves to two examples culled from the rich experience of the British Commonwealth—in Canada the British and French, in South Africa the British and Dutch, have shown that in spite of difficulties which at times seemed overwhelming, two distinct nationalities can be

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successfully united in a single democratic state. But, while experience has proved that two races which are sufficiently near to one another to be capable of gradual assimilation by inter-marriage can thus be successfully welded together under free institutions, in those cases where the racial cleavage goes deeper the problem of racial co-operation is still unsolved. It has been the object of this article to make some contribution towards finding the true basis of political co-operation between races thus deeply divided, and particularly white and coloured races, whose lot is cast in the same country. If the basis of equality is a false and dangerous basis for such co-operation, then it is to the common interest of all that claims for its adoption should be abandoned, and that a sound and safe basis should be substituted. Equal citizenship is demanded in the name of racial peace and political freedom, but recognition in theory of an equality which does not exist in fact may be disastrous to peace by embittering racial animosities, and destructive of freedom by destroying that respect for free institutions which is the only sure foundation for free government. Extension of the parliamentary franchise on equal terms to races which are utterly different in culture, in social habits and in traditions of government may therefore be not liberalism but lunacy.

The suggestion here put forward is that the wiser course, and that which offers the best promise of racial peace, and affords security for the widest diffusion of political freedom in its true sense, is not to disregard fundamental racial distinctions, but frankly to recognise them, by making separate provision for the representation of different racial interests—even to the extent if need be of providing separate assemblies and distinct constitutional machinery—and to acknowledge that differences in degrees of political capacity and experience justify and require differentiation in the distribution of shares of political power.

The quotations given above from Lord Acton's *Essay on Nationality*—which combats Mill's thesis, as to correspon-

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dence between national and State boundaries—suggest that the highest level of freedom may be attained, and that the greatest work for humanity may be achieved, by those states which have to grapple with these problems of racial diversity. Though the race distinctions which Lord Acton had immediately in view were of a less fundamental character than those here discussed, his words are well worth weighing in this new context, in relation to latter-day problems even more difficult than those to which they primarily referred. This article may perhaps fitly conclude with one further quotation from his essay :—

“ The problem presented to the Government of Austria is higher than that which is solved in England, because of the necessity of admitting the national claims. The parliamentary system fails to provide for them as it presupposes the unity of the people. Hence in those countries in which different races dwell together it has not satisfied their desires, and is regarded as an imperfect form of freedom. It brings out more clearly than before the differences it does not recognise, and thus continues the work of the old absolutism, and appears as a new phase of centralisation. In those countries, therefore, the power of the Imperial Parliament must be limited as jealously as the power of the Crown, and many of its functions must be discharged by provincial diets and a descending series of local authorities.”

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✓

IT is human to be impatient with these frequent elections in the United States. The machinery of government is hardly in motion before it must be dismantled and re-assembled: the Ship of State is barely under way before it must put back into port again for repairs. Start, stop, and begin again! Yet, when all is said and done, delay in getting on with the business is not a peculiar shortcoming of the United States. Continuity of progress at Paris in 1919 was broken by Orlando's sudden trips to Rome. Germany kept the then united front of the Allies worried with anxiety while she wavered in Berlin between the advantages and disadvantages of signing the Treaty. Even the Supreme Council, on more than one critical occasion, was known to adjourn out of deference to Mr. Balfour's unexpugnable determination to see Mlle. Lenglen play tennis.

There's hardly a Congressman whose mind is on Europe these days—or an officer of the Cabinet. Congress is adjourned, its members are at home wrestling with their constituencies, and the "master minds of the Republican machine" are shifting those Cabinet officials who can speak well, like Secretary Hughes, those who speak badly, like Hoover, and those who never otherwise utter a single word of human intercourse, like Vice-President Coolidge, from one shaky sector of the Administration's defence to another in an attempt to maintain the existing régime in Congress for two more years. So Government is marking time, Washington is deserted, and there is scarcely a soul left to play golf with President Harding. No one else is on guard at his post except Secretary Mellon—watchdog of the Treasury and custodian of the foreign debts.

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I

EXCEPT in professional circles there is little excitement over the elections of November 7. Certainly the composition of the Senate will suffer no great change; for though there are thirty-five seats to be filled (thirty-two regular biennial vacancies and three others arising out of death or resignation), the Republicans already have forty-one votes firmly in hand from among those Senators whose seats will not be in issue until 1924 at the earliest. Moreover, they are sure to win the eight additional seats necessary to a majority in the upper House. Briefly, Republican control of the Senate is a certainty, a comfortable margin of ten or twelve is a probability, and because of the fact that so many contests this year will be waged on prevailingly Republican soil, it is barely possible for them to emerge on November 8 commanding two-thirds of the Senate—an almost unparalleled advantage which could carry a closure motion or pass a bill over the President's veto.

In the House of Representatives the situation is different. The Republicans to-day have a clear majority of one hundred and sixty-seven members, many of whom were swept into Washington with the flood which rose and submerged Wilson in 1920. That tide has more than spent itself; other forces of anti-Democratic hostility have worked their sweet destruction, and the waters are on the ebb. The entire House of Representatives is up for election this year, and every Congressional district has an opportunity to review its commitments. The country is again on a fairly normal political basis, and a fairly normal House of Representatives is *not* Republican by a majority of one hundred and sixty-seven. A broker might say with picturesque truth that Republican stock had been grossly overbought in the upward swing of 1920, and that the time has come for the market to settle to its true level. So

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the Democratic party will recover many lost seats : but Republican control by a reduced majority of forty or fifty may be safely prophesied.* Beyond that, precise figures have no practical importance for anyone.

There are, as might be expected, two official opinions of the work of the Administration during the past eighteen months. John T. Adams, Chairman of the Republican Committee, makes the grandiloquent claim that "no Congress in time of peace ever made such a splendid record of constructive legislation," while Chairman Cordell Hull of the Democratic Committee—a man not to be unhorsed by superlatives—replies that "a patient and long-suffering public will welcome the adjournment of the present Congress, which promised more and achieved less than any other legislative body in history." Both official opinions, as might equally be expected, are sheer nonsense : the record is neither white nor black. An impartial assessor would write the Washington Conference down as a triumph for any administration, Republican or Democratic. He would find statesmanship and courage in President Harding's veto of the soldiers' bonus bill in the face of many a Congressman who was willing to sell his birthright for an imaginary pottage of votes. He would praise the establishment of a fixed governmental budget, and the reduction of the national debt by \$1,233,000,000, as sound financial progress. On the other hand, he would denounce the Fordney-McCumber Tariff for the shameless manner in which unscrupulous trustees of the people's interests bartered them away to the industrial group, and for the flagrant disregard of simple economics which it represents. Lastly, he would characterise some of the acts of Attorney-General Daugherty as masterpieces of administrative ineptitude.

Furthermore, the most important problems which faced President Harding on the day of his inauguration—the attitude of the American Government toward "an associa-

* For the actual figures see the note at the end of this article.

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tion of nations," toward European debts owed to the United States, toward occasional crises like that too recently precipitated by Mustapha Kemal, toward Russia, toward the future of American trade, toward Labour-with-its-back-to-the-wall—all these have still to be settled. Some man of vision must carry on from the point where a visionary failed. Hughes, the cautious, methodical, tireless Hughes, lifted the torch for the brief season of the Washington Conference ; but he soon dropped it as if it were an evil thing, and there is apparently no one in or out of office with imagination enough to see it and political sense enough to pick it up. One feels that the Republican régime is living on, less by its own merit than by the weakness of the opposition. The Democrats cannot, of course, be blamed for the fact that there are no longer any real differences of programme or policy between the two chief American parties. They cannot be expected to create an issue where there is none. The tariff argument, for example, is not one between those who believe in a protective tariff and those who believe in free trade. It is an issue between relatively high and low tariff schedules, matters of statistics and argument ; and no one is disposed to crusade against an increase of ten cents in the cost of a pair of gloves. As for the larger questions—whether the American taxpayer can stand an addition of three or four billion dollars to the present cost of living, whether American trade can continue when the buying power of foreign countries is so severely curtailed by restrictions on imports into the United States, whether dizzying dollars of foreign indebtedness can ever be collected in part or in whole except through the export of goods by debtor countries to the United States—all these matters are being treated as if they were the conventional stock-in-trade of partisan campaigning rather than as issues which strike at the root of American life. The Opposition wants a leader—a wise man and a thunderer. So far, he has not yet appeared, but perhaps, in the fulness of time,

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the Democratic party will cast up a Lloyd George of their own.

II

ONE wonders whether the President faces the next two years with equanimity. Taxes have been reduced, but further cuts can scarcely be made in view of a probable deficit during the coming year of \$650,000,000. The soldiers' bonus bill has been scotched, and may never cast its shadow across the White House lawn again; but even if it should appear and be "laid" once more by a veto, the public would hardly be moved to fresh gratitude. Such action on the President's part would be taken for granted, and there is no more capital in it for the Republicans. So with the newly established budget system; it is worth a million votes or so this year, but within a twelve-month Mr. Harding's advocacy of it will be forgotten. The national debt has been materially reduced, with the result that further annual reductions of \$1,200,000,000 will be looked for as a matter of course. The Washington Conference enveloped the Administration with a halo of great glory, but the mists have come between. Trumps have all been played, and the fate of the game lies in the outside suits.

The "era of prosperity" which was confidently ushered in by the returning Republican *émigrés* has been slow to materialise. Moreover, the coal and rail strikes of the past summer worked great harm to the business community. Mr. Harding was roundly blamed, first for his failure to intervene at the outbreak of the strikes, and then for his maladroitness and unsuccessful mediation. Both disputes have since been settled by separate arrangements between employers and groups of employees. Nevertheless Capital holds the President measurably responsible for the long fight, for the consequent injury to trade, and for the continuing shortage of coal and rolling-stock for the railroads;

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the public will doubtless lift its chattering maledictions in many a cold house this winter ; and Labour, through Samuel Gompers, is taking the Attorney-General to task for one of the most clumsy bits of bludgeoning that was ever attempted—the injunction of August, 1922, which forbade striking shopmen to interfere with the operation of trains. “Taking one consideration with another, the policeman’s job is not a happy one !”

There is one field, however, in which the Attorney-General may enjoin whomever and wherever he pleases, where foreign susceptibilities may be hurt and foreign interests may even be injured, and the majority opinion will support him—the field of prohibition enforcement. The merits of the question need not be discussed, they are being fought out nightly around almost every dinner table in the United States, until it seems as if every other possible subject of conversation had been blotted out of the field of consciousness. But these things may be said : the present Congress is “dry,” the next Congress will be “dry,” and so is the prevailing sentiment of the country. There is liquor to be had at a price : there are “bootleggers” of high and low degree : but the total amount of drink that filters into the United States through devious channels is negligible when compared with the millions of gallons which formerly irrigated the country. The collateral consequences of prohibition—a growing disrespect for law in certain quarters, an apparent increase in the use of drugs, and the present unpleasantness arising out of the application of the Volstead Act to foreign ships in port—all these are being ignored by the authorities in their effort to wipe out traffic in liquor. A majority of voters will support any measure and authorise the use of almost any amount of money needed to finish the job. Prohibition may not have come to stay, but it has come to stay for a while !

On the other hand, the recent regulation prohibiting foreign ships, even in bond, from bringing liquor within the territorial waters of the United States proceeds largely

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from "political considerations." During the campaign of 1920 the Republican party pledged itself to develop the merchant marine and President Harding has taken a greater personal interest in the Ship Subsidy Bill than in any other measure during his term of office. Yet, why should a "dry" Congress give him votes enough to carry the bill, so long as Shipping Board vessels, sailing under the American flag, are allowed to violate the spirit of the Volstead Act? And how could any subsidy create passenger traffic for American bottoms if they were placed under such a severe handicap as against competition? The new regulation, applying to American and foreign vessels alike, and recently held valid by a distinguished judge of the New York Supreme Court, appears for the moment to answer both questions. The iron is hot, and it is rumoured that Mr. Harding plans to call the present unmistakably "dry" Congress into special session on November 20 to consider his Subsidy Bill. Still, there are many voters who hesitate to pour further huge sums of money into the Shipping Board's bottomless pit. There is no widespread feeling that a great American merchant marine is needed. There is doubt as to the ability of the Shipping Board or any other inexpert political body to supervise a highly technical business, requiring both experience and imagination; and there is natural reluctance to authorise the expenditure of easy billions which must eventually come out of the taxpayer's pockets. Mr. Harding scored mightily when he vetoed the soldiers' bonus bill in the teeth of a powerful minority who were making capital out of sentiment; but the tables will be reversed when the Ship Subsidy Bill comes before Congress. The President may expect to find healthy opposition to the project nearest his heart; and strangely familiar arguments, based not upon sentiment, but upon sound economics, may come sifting back to his ears. In the meantime, "Hell and Maria" Dawes, the first Director of the Budget, and thereby a member of the Cabinet, has been in eruption on the subject of Congress:

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"The trouble," says he, "is the cowardice in Congress, men in office who would barter the interests of their country, in order to stay in office, and if there is any organised opposition, they run. Look at the way they ran before the organised minorities of the soldier bonus bloc, the farm bloc, the labour bloc, the maternity bloc, the good roads bloc. The damned cowards run and run." So we shall see.

III

MATTERS at home are so exacting that, if Mr. Harding and his followers could have their way, they would dismiss the League of Nations, the Near East and Russia as chapters in a bad dream ; and they would collect, with as little unpleasantness as possible, the full amount of the foreign debts. This would be the simplest solution to a complex problem, and it would mark an end to the strange adventure in Europe, where people talk, think and act queerly. "Yes," said the doughboy, "Paris is different from Hoboken—and you notice it more in Paris than you do in Hoboken." Then too, such a solution would be consistent with American tradition : for it was George Washington who once advised against European entanglements, and it was George Washington who wrote to his cousin in 1778 regarding a purchase of land : "I see so many instances of the rascality of mankind that I am almost out of conceit of my own species, and am convinced that the only way to make men honest is to prevent them from being otherwise, and by tying them firmly to the accomplishment of their contracts."

So far as participation in European affairs is concerned, the Administration is on the defensive, yielding ground occasionally, but never yielding position. This is not the policy in office pursued by Roosevelt and Wilson, but a people who repudiated Wilson for his dominating leader-

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ship doubtless prefer to learn something about the tangled maze of foreign politics before they are committed to any adventurous programme by the Government. There are signs that this process of education is under way: the Press carries a greater amount of foreign news than ever before, the summer session of the Institute of Politics at Williams College was well attended, the Council on Foreign Relations in New York City has just issued the first number of a quarterly review of foreign affairs, and the Federal Council of Churches plans shortly to establish groups for the study of international questions in all the Protestant churches of the country. It is not a month since Justice Clarke resigned from the Supreme Court of the United States so that he might speak freely about America's relation to Europe. All this must seem painfully slow to those who need the help and counsel of the United States here and now: but it is the best for the moment. Only in such groping fashion can this country make its second contribution toward salvaging European civilisation and its own.

The attitude of the Administration has not changed since President Harding's message to Congress of April, 1921: "In the existing League of Nations, world governing with its super-powers, this republic will have no part. Settled in our decision for ourselves, it is only fair to say to the world in general, and to our associates in war in particular, that the League Covenant can have no sanction by us." Probably Harding would not change a single word in that statement to-day—and probably Hughes would say "Amen." And since these words express in exaggerated form the prevailing popular view—however right or wrong—no time need be wasted by Clemenceau, Lloyd George or American advocates in a lost cause. The United States will not become a member of the League during Mr. Harding's term of office. Yet curious things are happening. The State Department makes no objection to the fact that a dozen American citizens are serving with the League.

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John Bassett Moore, a distinguished American jurist, is a member of the Permanent Court of International Justice. The Rockefeller Foundation has offered \$100,000 a year for the work of the League's Health Committee, and the American Relief Administration is spending \$150,000 in conjunction with the League to feed Russian refugees in Constantinople. More surprising still, after a year of studied coldness, the Department of State has suddenly sanctioned the appointment of Dr. Marion Dorset as "unofficial" member of the League's anthrax commission, and of Miss Grace Abbott as "unofficial" member of the committee on traffic in women and children. Is this penance for past discourtesies? Is it the first step toward co-operation with the League in its non-political activities? Or is it merely a gesture to placate the League's supporters—the Raymond Fosdicks and the Hamilton Holts—who annoy the Secretary of State at inconvenient moments with inconvenient questions? Mr. Holt recently provoked an official statement which the gentlemen in Geneva might well think over. In reply to a question regarding the attitude of the United States toward the Permanent Court of International Justice, Mr. Hughes wrote: "I see no prospect of any treaty or convention by which we should share in the maintenance of the court, until some provision is made by which, and without membership in the League, this Government would be able to have an appropriate voice in the election of judges." Here, at last, and in negative form, is the hint of a possible sphere of co-operation. Let the Council of the League decide whether the straw is worth grasping at!

Undismayed by a series of rebuffs, France, Italy and Great Britain have invited the United States to join officially in the Near East Peace Conference to be held at Lausanne on November 13. The answer will be given before this article appears; so prophecies are dangerous. This much can be said—that an acceptance by the United States would be a radical departure from all its declarations

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since the Republican party entered into office. At the time of the Genoa Conference, Secretary Hughes stated unequivocally that his Government could not join in conference when political issues formed part of the agenda, and surely a Near Eastern Conference must be predominantly "political." Yet the United States has a peculiar relationship *vis-à-vis* the Near East. Thousands of missionaries have given their lives to conquer these lands for Christianity. It is said that fully one-tenth of the people of the United States have made contributions to this cause: and monuments to their interest are to be found in Robert College of Constantinople, the American College of Girls in Constantinople, the International College at Smyrna, Anatolia College at Marsivan, Euphrates College at Harpoot, Central Turkey College at Aintab, and St. Paul's Institute at Tarsus. Tales of the "infidel," the unspeakable Turk, have aroused righteous indignation throughout the Protestant community for generations past: and the Turk has revived them by fresh barbarities during the past six months.

In June of this year the American Government agreed to join in an inquiry into the reported atrocities, in order to place responsibility for them and prevent their recurrence. It is now not surprising that a Baptist President and a Baptist Secretary of State, encouraged to action by the organised Churches, have sent twelve destroyers to Constantinople "to protect American interests." Mr. Harding has appointed an impressive group of men and women to raise funds for relief, and has given encouragement to the efforts of the Red Cross and the Near East committees. Mr. Hughes, moreover, is officially "gratified to observe that the proposal of the Allied Governments seeks to ensure effectively 'the liberty of the Dardanelles, the Sea of Marmara and the Bosphorus, as well as protection of racial and religious minorities.' These points of the proposal," he adds, "are clearly in accord with American sentiment." Sentiment! There are spots in the United

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States where passion was at white heat not many days ago. But this religious wrath was not then transmuted into action, and it is unlikely that it will force the Government to break an established rule and send more than an "observer" to Lausanne.

In a certain sense, no question could be more remote from the immediate "interests" of the United States. There is no present great danger to American commerce, no possible physical danger to the country—near or remote—no sphere of political interest to protect, no potential enemy to be weakened. Yet every development in the situation has been followed with a hungry eye. The Christian citizen has either been ignorant of the confused diplomatic motions which set the stage, or else he has brushed them aside as irrelevant. For once he feels that the British Government stands for the right policy, the Christian policy, the policy of peace. Try as he may to excuse France for Briand's ill-chosen speech at Washington, generous as he may be toward French delay in the matter of naval disarmament, charitable as he may be toward her silence on the question of the debt, he can neither understand nor countenance her desertion of Great Britain in a common Christian cause. This diplomatic incident, as M. Clemenceau will discover when he arrives, has done France great injury: and rumours of a rapprochement with Soviet Russia are not helping to repair it.

But make no mistake. This deep emotional manifestation does not extend beyond the churches. They are powerful, they speak for perhaps thirty million Americans, they assume to speak for the whole country: but the lay public is of another mind. Without much search into the records they simply see fresh evidence that the nations of Europe have learned nothing and have forgotten nothing. They see the engines of pre-war diplomacy at work again, playing Turk against Greek and Greek against Turk for purposes of empire. And for them that is enough. Even the League's staunch supporters feel as if the foundation-

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stones had been knocked from under their feet and that they had best be silent until this embarrassing business is forgotten. For them the clock has been set back to the zero hour.

IV

THE news of Mr. Lloyd George's resignation was received in Washington with regret, some of which found its way into the newspapers. This should not be regarded as any criticism of his successor—Mr. Bonar Law is held in great esteem, but it is felt that relations with the British Empire have measurably improved under Mr. Lloyd George's guidance during the past year. In particular, Washington is sorry that even a short period must elapse before the successor to Sir Robert Horne can sail for the United States. For the debt question is troublesome—its solution must begin with a settlement of the British obligations ; and the prospect of such a settlement has been again delayed.

So far as can be gathered, it is the official view of the Administration that Great Britain must recognise her obligations to the full. They are of a contractual nature ; and if, at the time of lending, any intimation had been conveyed that these commitments would be subjected to post-war discussion and diminution, the United States would not have extended credits so freely. Furthermore, international relations and international trade cannot exist unless firm obligations are to be fulfilled. The policy of Russia, the long silence of France and Italy, with respect to debt repayment, the recent action of Roumania in proposing a loan which ignored prior liens of the United States—all these are regarded as dangerous signs. The rehabilitation of credit and commerce cannot be wrought by America alone ; nor can she alone protect the principle of the sanctity of contracts. If Great Britain recognises the importance of this principle and her own obligations under it, she will

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eventually benefit equally with the United States, but anything short of unqualified acknowledgment would work great dislocation in the economic structure of the world.

The bad taste left by the Balfour note has practically disappeared, thanks to the reassurances of Lloyd George, Reginald McKenna and Bonar Law. There now seems to be little doubt of the intention of the British authorities, but the financial delegation might well make this point clear at the outset. From the point of view of their own negotiations, it would be an advantage to do so. Judged strictly from the creditor's side, and in spite of the statements of Mr. Hoover, there are serious disadvantages to the quick and full collection of foreign debts. The Bankers' Convention made this plain; and one feels that an expert body of men like the Funding Commission must give heed to some of these considerations. For example, it is to the interest of American trade that sterling exchange should return to par. Such a recovery might be worth concessions in the terms of debt repayment; and if some proposal should appear in the course of negotiations which relates the matter of exchange to the debt, it would probably be heard with attention by the Funding Commission as mutually advantageous to both countries. But the question of economic expediency cannot be discussed until the question of legal right has been settled.

Terms cannot be reached overnight, for the issues are complicated. If it should prove necessary for the Funding Commission to go back to Congress for more flexible powers than are contained in their present narrow terms of reference, the negotiations will be long drawn out. It will require all the tact of the Administration to secure greater latitude for the Commission from Congress, and it will require education in the intricacies of international finance. Moreover, there is a powerful group, both in the House and the Senate, which will demand payment "according to the bond"—some of them merely because England is the debtor, others because of the valuable advantages which

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the British Empire derived from the Peace of Versailles in territory, shipping, and reparations, without corresponding advantages to the United States. All of them feel that the debt can be paid, and the majority of Americans share in that opinion. But the public, especially the business and banking element, is less sure about the expediency of collecting in full, and a greater reflection of this doubt may be found in the new Congress.

It is frequently said that the results of these negotiations will be far-reaching. They will, of course, be vital to the future relations between Great Britain and the United States, and everyone who has this future on his heart is frankly praying that the discussions may proceed with dignity, wisdom and understanding. On the day when an arrangement has been struck, it is hardly conceivable that the Government of the United States could refuse an invitation to join with Great Britain in dealing with their common European debtors. Perhaps along these lines close co-operation between the English-speaking peoples will first appear, and America's assistance will be at last enlisted in the reconstruction of Europe.

V

THERE is a strange restlessness behind the eyes of men and women in America. The war was to be forgotten, but it still lurks in the shadows ; the country was to return to "normalcy," but one searches in vain for the old landmarks ; a new spirit was to regenerate mankind, but the springs of human conduct have not been cleansed. For a second time in the experience of living Americans, the world is in their midst ; it has come like a stranger to the feast, unwelcome and uninvited. It is touching the seats of conscience. Every guest is secretly aware of its presence ; but no word must be said for it would destroy the tranquillity of the gathering. So the master of the house

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orders the music to strike up, and the feverish hum of movement and conversation is resumed.

The illusion that America can live unto herself alone has been broken. A new purpose is needed, but there is none at the moment: bitterest of all, men are asking one another where they can find a guide for the long distances through strange country which can only be compassed by faith and forced marching. They see no leader among them, and without the vision the column is lunging in the dark.

The United States of America.

October 28, 1922.

NOTE.—Since this article was written the election results have been published.

The actual majority of the Republicans is only 15 in the House of Representatives and 10 in the Senate.—EDITOR.

GERMANY FROM THE WINGS

At the moment the crisis in the Near East and the political change at home have overshadowed everything else. Nevertheless, the condition of Central Europe still remains the most important of the problems that distract the world. A year ago the mark was 700 to the pound, and its fall was counted in hundreds. To-day it is 40,000, and its fall is reckoned in thousands. A few months and it will, many say, be with the krone or even with the rouble. The following sketch of conditions in Germany is necessarily of the nature of a kinematograph scene rather than a permanent picture. The present state of flux precludes anything else. What the next scene will be no one can predict. The article is from a German pen—a translation. The arguments and the statements it contains are the writer's, and THE ROUND TABLE accepts no responsibility for them. On the economic and financial situation and the possible remedies, we think it worth while to print the majority report of the foreign experts whom the German Government recently invited to advise them on the stabilisation of the mark.—EDITOR.

BEHIND the scenes in Germany there are movements on foot of which the public sees little and which the critics hardly notice. It is with these movements that this account of internal conditions in Germany and their reaction upon international politics is more particularly concerned. It must not, however, be supposed that we consider the Republic to be in danger at the present time.

Germany from the Wings

Within the last few days the People's Party, which represents German industry, and in economic matters takes its inspiration from Hugo Stinnes, has combined with the United Social Democrats, the Centre Party, the Democrats and the Bavarian Catholic People's Party, to pass a resolution in Parliament in favour of extending President Ebert's term of office till 1925. The meaning of this resolution is that the Weimar Constitution, the bulwark of German liberty, is to be upheld and the Republic to continue. For the parties which passed it represent no less than 85 per cent. of the German people. The only parties, indeed, which opposed the resolution were the Bolsheviks of the "Right" and the Bolsheviks of the "Left." As far as the Monarchist parties are concerned, no estimate credits them with the support of more than 10 per cent., while the Communists, whose strength lies chiefly in a few great cities, and who have no influence in the country districts, cannot claim to represent more than 5 per cent of our whole population.

I. THE EX-KAISER AND THE MONARCHY

TO readers in the Anglo-Saxon world, it may seem strange that the Hohenzollerns, whose prestige seemed in Bismarck's time to be an inseparable part of our national life, should in a few years have fallen so far from grace that the Monarchists themselves, though they are for an emperor, do not want Wilhelm back. The ex-Kaiser has no friends anywhere in Germany. He earned the contempt of the Army by his flight to Holland, and by marrying again so soon after the death of his wife he has now alienated the Monarchists. Their resentment is all the deeper because of the reverence and affection which everyone had for the late Empress. The Legitimist looks upon this second marriage as an act of rash folly, unpardonable in one who has worn the Imperial Crown, and the bad impression has been strengthened by the appearance of the

The ex-Kaiser and the Monarchy

ex-Kaiser's book. It shows a shallow, superficial, obstinate, disloyal and pettifogging mind, and it has incensed and shocked Monarchist opinion throughout Germany. One often, indeed, hears the opinion privately expressed that Kaiser Wilhelm II., by his want of balance and lack of judgment, has pulled down all that his grandfather and his father, with Bismarck's help, so laboriously built up.

With regard to our constitutional system, the Monarchist view is as follows:—A republic or even a constitutional monarchy on the English pattern is all very well for States in the West of Europe, where the national foundation is simple; but countries like Germany, Russia and Austria are, or were before the war, in a totally different position. For they were not national states at all, but states comprising different and conflicting nationalities. It was, they say, in the interest of these nationalities to have an autocratic form of government, since nobody but an autocrat could keep the peace between them. The flaw in this argument was exposed the other day. A statesman pointed out that it was the emperors themselves who were responsible for the fall of their dynasties. The triple combination of Nicholas, Wilhelm and Carl did what their three countries never could have done. Their dynasties fell because Nicholas was an idiot, Carl a weakling and Wilhelm a second "Playboy of the Western World." The three of them, by sheer incompetence, managed to bring home to the masses the absurdity of every form of autocratic government; in consequence, nations which would have felt more at home under the old monarchical system are settling down to their lot under a republic.

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II. THE EXTREMISTS OF THE LEFT

THE disruptive elements in Germany draw their strength in the case of the "Right" from ex-officers out of employment and the submerged middle class; in the case of the "Left" from fanatical doctrinaires who are *plus Léninistes que Lénin*. For they still live upon tags from Moscow, though Lenin himself has long ago abandoned communism for Krassin's State capitalism. There is nothing in the present condition of Germany to brew Bolshevism of the "Left." The state of the exchange has practically eliminated our unemployed, and the only people who have any difficulty in finding work on the land, in the factories or in trade, are beggars, criminals, drunkards and wastrels. The weakness of the Communist hold on Berlin, which is the industrial as well as the political capital of Germany, has been well illustrated by two recent incidents. After Rathenau's murder, a million people of both sexes marched in protest through the fashionable part of the city. Although there was not a policeman to be seen, there was not the slightest sign of disorder, and the crowd, which was organised by the trade unions, kept exemplary discipline. One could see at a glance that the Prussian non-commissioned officer has only changed his uniform; he has discarded his tunic for overalls; but the traditions of the parade ground remain in his blood. That is moderate social democracy on its positive side.

The other incident revealed the weakness of the Communists in comparison with organised trade unionism. A Sunday or two ago they got up a procession. It was boomed by *The Red Flag*, their party paper, but it petered out miserably. They were only able to collect a few thousand people, and as for exuberance and enthusiasm, you would find more of it on any Sunday in the year in Hyde Park. In the face of evidence of this kind, it is hard to believe

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that any serious danger need be feared from the "Left" during the coming winter. But if unemployment should develop or food run short, or if anything should happen to interfere with the supply of coal from the Ruhr for the people and the industries of Berlin, it might be a very different story.

III. THE EXTREMISTS OF THE RIGHT

NEXT, to take the "Right." Whatever dangers may be in store for Germany from this quarter, there is little chance of the Italian Fascisti movement spreading here. In the first place it is foreign to the German temperament. A section of the German National Party which had leanings that way has just been expelled by the Party Congress. But, apart altogether from want of inclination, there is no armed force to support Fascism. For, thanks to the Inter-Allied Military Commission which has been disarming Germany for the last three and a half years, the German people have been deprived of their arms. There may be a few small lots of rifles hidden away here and there in cellars, but, with the exception of the Army's supply, there is no stock of weapons worth counting to draw upon. In Italy every soldier was allowed to take his rifle home after the war. Hence the strength of the Fascisti. In Germany the worst we need fear is some small local *Putsch*.

Such Fascisti elements as exist here have their centre, and it is the only one, in Bavaria, where Ludendorff is living with a circle of political desperadoes round him who have nothing more to lose. The position of the old officer class, who used to be the dominant caste, has gone, and its members have in desperation taken to political brigandage. Some of them are serving in the Republican Army, but the majority have been ruined both socially and financially by the Revolution. They have now no alternative but to go on the land if an opening occurs, or to enter

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a university where they swell the intellectual proletariat and are able to carry on their Monarchist propaganda undisturbed. Many of them who have a taste for politics have migrated either to Buda-Pesth, where the atmosphere is still congenial to militarism and reaction, or to Bavaria, where, like the people whose doings have been brought to light by the Rathenau, Fechenbach, and Harden trials, they join some secret society. The Prussian Junkers, Protestants themselves, have also moved their headquarters to Bavaria, where they are out of the reach of the central authorities in Berlin and can carry on their intrigues under the wing of the Conservative Bavarian Government. It is this Junker migration which has given rise to the common idea abroad that the South German and Catholic State of Bavaria is carrying on a campaign against the North German Protestant and Socialist world of Berlin. The truth is that the wire-pullers are not native Bavarians at all, but Prussian Junkers who have collected under Ludendorff's leadership to undermine the foundations of the Reich under the pretext of combating Bolshevism. The present head of the Bavarian Government, Count von Lerchenfeld, whose wife is a strong Anglophile, will before long have to give way to a politician with more extreme views.* Lerchenfeld himself used to be in the Foreign Office at Berlin, and he knows that, though the Empire might get on without Bavaria, Bavaria could not possibly do without the Empire. Ruhr coal is indispensable for Bavaria, and Ruhr coal is controlled by the Berlin Government. Without it she and her industries, especially Nuremberg, which is strongly Socialist, would starve. The fact that Bavaria is so dependent upon the Ruhr explains a good deal that would otherwise be obscure in French policy.

If France went to the Ruhr she would control the supply of coal and iron, not only to Bavaria, but also to

* Count von Lerchenfeld has been replaced by Dr. von Knilling since this article was written.

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Austria and Hungary, and be in a position to detach South Germany from Berlin. That is the road which the German separatists are treading when they coquet with the French. In their intrigues, however, the separatists have made one fatal miscalculation. Great Britain, if only in her own interests, could never consent to the Ruhr passing under French control; and this they have failed to realise. France already possesses a powerful air fleet, a highly developed chemical industry for the production of poisoned gas. She also has heavy guns and, most important of all, a large force of submarines. If she were to occupy the Ruhr, she would in addition control the coal, iron and steel supplies of Europe. This would mean the end of the English policy of the balance of power. France would then be a far greater danger to Europe than Prussia ever was before the war, for she has outlets upon the Mediterranean that Germany never had, and for her smaller population, which is quite capable at a pinch of feeding itself, a blockade has not the same terrors. In the light of such considerations as these, a separatist movement in Bavaria becomes intelligible. The game is to set the South against the North, and to make use of militarist France against industrial Berlin. A certain amount of nervousness still remains in Bavaria as a legacy from the Kurt Eisner régime. It seems easy to frighten her with the spectre of Bolshevism and at the same time to tempt her with a bait of coal and iron.

Then there is the subconscious freemasonry which exists between soldiers all the world over. This also helps the separatist. With a man like Foch, Ludendorff has more in common than with his own countryman, President Ebert. In Ebert, Ludendorff—though he may not be aware of it—sees not the President, but the ex-saddler. Marx once appealed to the working classes in all countries to unite. In just the same way the Munich conspirators have started the war-cry, "Militarists of every nation unite." The only thing that makes a civil war from the "Right" less

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likely here this winter than in Italy is the fact that our arms have been taken away. If it were to come, no State in Europe would be safe, for revolutions are infectious, like the plague. Bolshevism, indeed, would be more drastic in Berlin than in either Russia or Italy. In Germany there are eleven million workers organised in trade unions, and with their families they amount to at least half the entire population of sixty millions. In Russia the whole industrial population only consists of some 300,000 or 400,000 workpeople, and they are concentrated in Moscow, from where they dominate 130 million human beings. Besides, civil war in Germany would be more terrible on account of the German gift of organisation and our instinctive sense of discipline.

IV. THE REAL DANGERS

WE have already given our reasons for believing it to be beyond the power of Ludendorff and his associates to start a civil war. There is a far more real danger—hunger. The harvest has been bad, and at least three million tons of corn, which will cost about half a milliard of gold marks, or £25,000,000, will have to be imported to carry us on till next August. Germany, with all her wealth in coal, has now also to import one and a half million tons of English coal a month, at a cost of forty-five million gold marks, or £2,250,000. Then there is the depreciation of the currency. Rome was ruined by the *latifundia*; Germany may be ruined by the *valuta**. Inflation is her great misfortune. Her impoverishment is not, as is often said, an effect of inflation; it is its cause. Our Government has now come to the parting of the ways in its financial policy. Either we shall follow the same road as Russia and Austria and sink deeper in the morass of inflation, or we will take the path indicated by Professor Cassel and adopt a new

* *Valuta* is the German word for exchange.

The Real Dangers

currency on a gold basis. An honest monetary policy of this kind, however, needs courage on the part of the Government. During the war his most loyal subjects were betrayed by the ex-Kaiser's Government. Widows and orphans were persuaded to invest their money in the War Loan or to lend their valuables to the State, by the catchword, "I gave gold for iron." In this way the best elements in our middle class have been ruined. For they did not give gold for iron. They got paper for gold. Our worthless paper mark is a legacy from the old Imperial Government and Helfferich's financial policy. The Empire went bankrupt politically; and now we are threatened with the financial bankruptcy of the Republic. It has been alleged that the German Government has deliberately let down the exchange in order to cheat the people abroad who in good faith have purchased our marks. But the value of the mark for the purposes of exchange is determined in Wall Street, and to influence Wall Street to any appreciable extent would be beyond the power of Germany, even if she had the necessary lack of scruple, which she has not. Inflation will continue and the mark will depreciate as long as the reparation problem hangs over our heads like the sword of Damocles. An aggressive speech by Poincaré, a sudden decision on the part of the Reparation Commission to visit Berlin, a murder like Rathenau's, are enough to put the exchange market at New York in a fever, and in an hour the mark drops a thousand points. The mark, like American greenbacks fifty years ago, or the assignats in France during the Revolution, has become the plaything of the speculative market. Germany at the moment stands on the very verge of industrial and financial collapse.

Is German industry to be kept alive in order to play its part in the restoration of France and Russia? If so, some way of meeting the danger to the rest of the world from dumping German goods must be discovered. In France the first step has been taken by the Stinnes-Lubersac Agreement, and in England by the Urquhart-Krassin Agreement. These two agreements have this in

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common, that they are likely to ensure a sufficient outlet for German industry during the next few years without flooding the world's markets with German goods. If German industry is bound by agreements with France and Belgium to restore the devastated areas, and if by the Urquhart Agreement—the Otto Wolff Agreement runs on parallel lines—she undertakes to co-operate with the Anglo-Saxon and Latin peoples in the reconstruction of Russia, she will have little in the way of industrial products left to dump upon other markets. An international syndicate, with Anglo-Saxon leadership and the support of neutral countries, would be able to help Germany over the coming winter to provide work for her workers and to finance the purchase of the corn that she has to import. She would thus obtain a breathing space for the next five years.

V. GERMANY'S REAL NEED

GERMANY'S greatest weakness, however, and it has existed ever since Bismarck's day, has been the lack of competent leaders. Bismarck's work had its dark side, as the sun has its spots; but none of his successors in the Chancellorship has even remotely approached him in judgment or in the power of shaping policy to attain definite objects. At the recent Congress of the German Nationalists, their President, the ex-Minister Hergt, amidst the applause of his audience, hailed the former Finance Minister, Helfferich, as "the leader of the German people." One is reminded of the decree of the Emperor William II. that his grandfather, the founder of the German Empire, should henceforth be known as William the Great. His greatness rested in no sense on his grandson's edict. A nation chooses its own leaders. They are not created by authority from above, but imposed by recognition from beneath. Neither Helfferich nor Ludendorff is a leader of the German people.

The present Chancellor, Dr. Wirth, gained, we believe,

Germany's Real Need

the confidence of the English delegates at Genoa even more than Rathenau, but he has not the distinctive qualities of a leader. The German revolution has not, indeed, produced any outstanding personality with compelling powers of leadership. Dr. Wirth has freshness and youthful energy, impartiality and sound democratic convictions. Like his predecessor, Fehrenbach, he comes from Baden, from the same town, indeed—Freiburg im Breisgau—where Fehrenbach was a barrister and Wirth a teacher of mathematics in the High School. The last Chancellor of the *ancien régime*, Prince Max, also belonged to Baden; so does President Ebert. There is more in this than a mere coincidence. For more than a century Baden has been a shining example of parliamentary government. It is so close to Switzerland, to Alsace and to France that it takes a democratic colour, and not even the popularity of its reigning house destroyed its Republican sympathies.

Dr. Wirth has the advantage of being at the same time a devout Catholic and a convinced democrat and republican. At the present time, ordered government in Germany is unattainable without Catholic support. It is the Catholics, and not merely the Bavarian Catholics, who form the link between North and South; and in the periodical crises which have clouded the relations of Berlin and Munich, it has been the head of the Baden Government, Dr. Hummel, who has acted as mediator. The political power of the Centre Party springs largely from its traditional democratic sympathies and its distaste for the policy of the late Emperor; and for these reasons its frank acceptance of the republican faith is not open to suspicion. With the democratic party, republicanism is the product of reason; for the two Socialist groups it is the product of emotion; for the People's Party led by Stresemann it is the product of compulsion. A Government Coalition of the bourgeois elements with the Bavarian Catholic People's Party and the Socialists—a Coalition with a policy of "fulfilment"

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in the spirit of Wirth and Rathenau—can only be welded together by the Catholic Centre Party, which joins hands with Socialism through the Christian trade unions, while at the same time it spreads its roots through the bourgeois parties as far as the extreme Right. For that reason, and that reason only, there is at this moment no alternative to Dr. Wirth as Chancellor or to a Coalition Government, supported by the same groups as at present with the addition of the People's Party. Dr. Wirth's intimate personal friendship with President Ebert still further strengthens his position.

In the last few weeks Dr. Wirth has had the courage to give the nation a strong lead. He has recognised the danger of continued inflation, and at the suggestion of the Economic Commission he has summoned a Conference of German and foreign financial experts. By a happy chance the Reparations Commission has decided to visit Berlin at the same time to discuss with the German Government the best way of stabilising the mark and the possibility of controlling German finance. The foreign experts summoned by the Chancellor will therefore renew in Berlin the personal contact with the members of the Reparations Commission which was begun in Brussels and continued at Cannes and Genoa. Even America will be represented, though unofficially, by Mr. Boyden and Mr. Jenks. It is possible that these two Conferences may at last bring relief to Germany, for it is not the politicians but the economists whose voices will be heard. The weapon used by their members will be not the sword but the pen, and their aim the solution of economic problems in the light of reason. And unless the economic equilibrium of the world is restored, we shall all fall a prey to Bolshevism, whether it comes from the Right or the Left. The hour has struck—not for the politics of power but for the politics of conference, not for war but for peace, not for blood but for deliberative reason.

Appendix

APPENDIX

MAJORITY REPORT OF THE FOREIGN EXPERTS

I

Report on the Stabilisation of the Mark

1. We are deeply impressed by the vital need of an immediate stabilisation of the German mark. It is an essential condition of saving Germany from the threat of complete collapse. It is equally essential in the interests of her creditors, whose claims will otherwise become valueless. Granted certain concessions from these creditors, which we indicate below, stabilisation is possible. But it must primarily depend upon Germany's own efforts and own resources and on the resolute action of her Government. It is hopeless at this stage to expect it to be accomplished by foreign assistance as its main foundation. Germany must have a constructive policy of her own, even though it involves a risk. No other course is open.

2. To the question whether stabilisation is possible in present conditions we reply—no. First, for internal reasons, in particular the results of the financial methods adopted by the German Government during and after the war; second, for external reasons, in particular the burdens of the Treaty of Versailles.

With the necessary internal action we deal below.

3. As regards external burdens, we are of opinion that, so long as Germany is not relieved for a period from payments under the Treaty of Versailles, any attempt to stabilise the mark would be futile and could only result in the useless dissipation of Germany's ultimate reserves. Such relief is therefore an indispensable prior condition.

The length of the period for which payments must be suspended will depend on the possibility of establishing a surplus in the German budget. The essential principle is that payments must not begin again until they can be made out of a real surplus and not out of proceeds of a fresh inflation. We believe that the period must now be fixed at two years at least. The suspension of payments must include deliveries in kind as well as cash payments.

4. Any scheme of stabilisation can only be regarded as provisional pending a final settlement of the Reparation Question at an early date on lines capable of being carried out. Nevertheless, in view of the risks of inaction, even for a short further period, we think that

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stabilisation must be begun in advance, if necessary, of a definitive settlement of this question.

5. With the relief proposed above the success of any scheme of stabilisation must depend not on a foreign loan, but rather on industrial and budgetary developments within Germany, and on a final settlement of the Reparation Problem at an early date.

Nevertheless, the support of an International Consortium would be of the greatest importance in its effect on public confidence. We think that, while the plans of stabilising the mark are being put into working shape, negotiations should be initiated immediately to obtain such support, perhaps in the form of credits to be utilised in case of need, and that a group of bankers should be called together forthwith to consider the foundation of a Consortium for the purpose of co-operating in the scheme of stabilisation as proposed below.

We wish, however, to make it clear that in our opinion, pending a final settlement of the Reparation Question on sound lines, no credits can be obtained from a foreign Consortium except on a very modest scale to supplement and support Germany's own efforts. No really substantial loan can possibly be obtained from foreign sources until the lenders have an assurance as to the position at the conclusion of the moratorium period. For without such an assurance no sound basis of credit exists.

6. In the long run the success of stabilisation must depend on the equilibrium of the budget. On the other hand, stabilisation is in itself a necessary condition for the recovery of equilibrium.

We have now been informed from the German Treasury that, if the mark were stabilised and if the budget were relieved of the present extraordinary charges, it would be possible to balance normal revenue and expenditure at an early date. Present conditions have thrown the statistics of the budget into confusion. But we see no reason to doubt the accuracy of this expression of opinion as to what is possible.

The utmost economy in Government expenditure and the utmost rigour in the collection of taxes are of the first importance. Capital expenditure for the public services should not be charged to revenue account but paid for out of internal funded loans. Nevertheless, it is neither necessary nor practicable to prohibit absolutely an increase in the floating debts; and for a brief period it would be possible, with a stabilised mark, to allow just enough further increase to tide over immediate difficulties.

7. We have found that the principal objection in the minds of many authorities to any scheme of stabilisation without a large measure of external support is based on pessimistic conclusions relating to the balance of trade. In present conditions a basis is

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lacking for any sound statistical conclusions. We have been given many different figures, and we doubt if any of them deserve much credence. In order to form any judgment at all on the amount of the adverse balance, which probably exists for the moment, we are driven to another method of calculation.

On the debit side of the balance of payments Germany has had to cover her adverse balance of trade, her payments under the Treaty, and the flight of capital from the country. To meet this she has had to rely on certain items of "invisible exports," foreign credits, and purchases by foreigners of marks and mark assets. Somehow or other these different sets of items must have balanced even during the current year. If the adverse balance of trade has been as large as some people suppose, the purchase of mark assets by foreigners has to be put at an impossibly high figure.

We draw from this the conclusion that the actual trade balance against Germany cannot even now be very great, and that if she is relieved of cash payments under the Treaty and of coal imports in replacement of reparation deliveries, it should not be beyond her capacity to pay her way.

We think, therefore, that the state of the trade balance is not a fatal obstacle to stabilisation. Moreover, a sound currency is in itself a strong corrective to an adverse balance of trade, and will bring into operation many forces tending towards equilibrium.

There is, however, one concession without which the restoration of Germany's trade equilibrium might impose privations so severe as to risk the breakdown of the practical execution of our plan, namely, the restoration to Germany of normal prerogatives in international trade, as regards her liberty to impose import duties on luxuries, and a right to claim most-favoured-nation treatment for her exports. Foreign countries may be more willing to modify the existing restrictions when, with the stabilisation of the mark, Germany's competition on foreign markets becomes more normal in character.

8. We conclude that, in the conditions we postulate, an immediate stabilisation is possible by means of Germany's own efforts. Indeed, we go further. Certain technical conditions are now present—the large gold reserve, the scarcity of currency, the margin between external depreciation on the one hand and the degree of internal inflation and internal depreciation on the other—which render the position unusually susceptible to control. At the rate of 3,500 marks to the dollar the gold in the Reichsbank now amounts to about twice the value of the note issue. This is an unprecedented situation. No other currency has fallen into decay with so great a potential support still unused.

9. We think it would be imprudent to attempt the stabilisation,

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which we recommend, except at a low value for the mark, although this value might be appreciably higher than at present. It is impossible to say at the moment what the rate should be. The recent great collapse is mainly due to a failure of confidence, and if the measures indicated above are taken, a great improvement might occur immediately. As an illustration of our opinion we should under the conditions existing as we write (7,000 marks to the dollar) regard some rate between 3,000 and 3,500 marks to the dollar as appropriate.

But it is necessary to remember that at any such rate as this a great increase in the volume of notes will gradually become necessary as the business of the country reverts to normal conditions. The definite rate to be adopted should be fixed with reference to the internal purchasing power of the mark and to the position of the external exchanges at the date when the plan outlined in the second part of our Report is put into operation, the general lines of the plan having been announced some short time previously.

It is evident that, after stabilisation is fully accomplished, a new unit, being some multiple of the stabilised paper mark, should be adopted for general convenience.

II

Outlines of a Plan for Stabilising the Mark

1. In return for a suspension of payments under the Treaty of Versailles for a period of two years, the German Government should offer to the Reparation Commission the following definite guarantees :—

(a) That an independent Board of Exchange Control would be constituted as a special department within the organisation of the Reichsbank, and that the Reichsbank would hold adequate gold from their reserves at the service of the Board.

(b) That so long as any part of such gold is unpledged, paper marks shall be purchased by the Board of Exchange, on demand, at a fixed rate to the dollar; this fixed rate to be determined on the principles outlined in the first part of our Report.

(c) That the aggregate value of the net floating debt shall not be increased beyond a defined figure; all other Government requirements for credit to be covered by funded loans.

No modification to be made in the above without the permission of the Reparation Commission.

It would be necessary further, for the Reparation Commission, on the one hand, and the German Government on the other, to exempt the resources of the Board of Exchange from interference.

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2. On the consent of the Reparation Commission being obtained to the above, the following measures to be taken :—

(a) The financial co-operation and support of an International Financial Consortium to be invited.

(b) A foreign currency reserve, on such scale as may be required, to be created on the basis of the gold at the disposal of the Board of Exchange, in conjunction with the credits which may be negotiated with the International Consortium from time to time on such security as may be acceptable.

(c) The abolition of all exchange regulations, and the restoration of free and unrestricted dealings in exchange and foreign securities.

3. The Board of Exchange to buy and sell foreign exchange on demand (on gold exchange standard principles) against paper marks at fixed rates, the selling rate being not above 5 per cent. dearer than the buying rate in the first instance.

4. The bank rate to be raised to a high rate and dear money to be maintained until stabilisation is quite secure; but discounts and advances to be made freely at this rate for regular trade transactions against all normally approved security.

5. In order to concentrate into its foreign-currency reserves as large an amount as possible of the free foreign assets of German nationals, under conditions which would inspire confidence :—

(a) The Board of Exchange would issue gold bonds, guaranteed by the Reichsbank, at an adequate rate of interest, repayable in gold in one or two years, in exchange for foreign bank notes, bank balances, etc.

(b) The Board of Exchange would buy foreign exchange spot and sell it forward at appropriate corresponding rates for various periods.

6. The additional notes required to carry on the business of the country, as it returns to more normal conditions, would be issued :—

(a) By trade discounts and trade advances by the Reichsbank and

(b) The sale of marks by the Board of Exchange against the receipt of foreign currency; and, to the least possible extent and for a period not exceeding six months, against further Treasury Bills issued to cover the budgetary deficit during the transitional period before the budget can be balanced.

R. H. BRAND.

G. CASSEL.

J. W. JENKS.

J. M. KEYNES.

Berlin. November 7, 1922.

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EDITOR'S NOTE

Since the above article was written the scene it depicts has already changed. Dr. Wirth's Government has resigned. He was convinced that the support of the great financial and industrial interests was essential. Without it, no Government could hope to settle the reparations question. And now his efforts to take the German People's Party, which represents those interests, into the Coalition have been brought to nought, for the Socialists and that party cannot agree to work together. A general election is considered to be imminent. What it will bring forth it is impossible to predict.

THE MALADY OF CHINA

POLITICS in China have become so involved that few, even among the Chinese themselves, still try to follow all the moves in Peking and the Provinces. It is indeed a useless occupation. It soon dizzies the brain and fogs the sight to gaze into this boiling cauldron, watching while now here and now there something rises to the surface for a troublous moment and sinks again.

In such a seething political pot any man's tenure of office is likely to be a brief one. But, despite Western influences and all superficial changes, the official mind has changed but little. To the great majority, office is still the heaven-sent opportunity for amassing a fortune, and for finding a post for as many members of the family and connection as can conveniently be spared from home. When offices were held for half a lifetime this attitude of mind was tolerable; for with ample time these things could be done without undue inconvenience to anybody, and, after all, it was the custom. But things are different when results have to be achieved in a few hectic months or not at all. Peculation and favouritism have become a curse under which China groans in bitterness of soul.

From time to time political ebullencies occur which arrest the momentary attention of the outside world. Such have been the civil commotions of 1920 and 1922. They have been called wars, but to study them as military operations would be as useless as detailed study of Chinese politics. It may be more profitable, however, to inquire

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what forces are at work to produce all this turmoil, and which way we should look for hope of an end to it.

The disturbance of 1920 was an outward sign of the determination of the Chinese people that China should work out her own salvation without help or hindrance from Japan. The Anfu Club, which was then broken up, never again to coalesce, stood for the regeneration of China under Japanese tutelage. It was the Anfu Club who were responsible for borrowing most of the £50,000,000 which China owes to Japanese banks. Had they remained in power a continuance of their policy might have led to a settled China, pawned to Japan. But the Chinese people did not wish to have their difficulties settled in that particular way.

The nature of the trouble in 1922 has been more complex. The names of three men stand out prominently—Chang Tso Lin, Wu Pei Fu, and Sun Yat Sen. These men cannot be described as party leaders, nor are they local chiefs. They are representatives of conflicting tendencies in Chinese political thought to-day.

I. THE RIVAL WAR LORDS

IN the North, Chang Tso Lin's personal prowess had made him, in successive stages, bandit chief, mercenary soldier in the Japanese Army, military leader, Military Governor of Manchuria, and High Inspecting Commissioner of the three Eastern Provinces. A son of the people, he lacks the rudiments of education, but his hard and varied experience has made him both crafty and ruthless—a man to be reckoned with. In other times when China has fallen into the like disorders, a man has come from the North or from the West, and at the head of an invading army has carried fire and sword through the land, as a prelude to the inaugural ceremony of a new dynasty. Such men are the prototype of Chang Tso Lin. When the possibility of his

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success in the struggle for power was discussed by the Chinese, one heard whispers of the acclamation of an Emperor—it might be the boy Manchu Prince, or it might be Chang. Chang Tso Lin might talk as loudly as any returned student of parliaments and reunification. Exactly how much he cared for these things none could say, but all were persuaded that he believed most in Chang and the strong right arm. It was not without significance that in his army a rigorous discipline was maintained by an authority so personal that sentence of death was often carried into effect at the point of a revolver by the very officer who had just passed it.

Chang Tso Lin's success was looked for and even hoped for by numbers of enlightened Chinese, whose eyes were quite open to the fact that the man is essentially a reactionary. Few can have hoped that he would establish the best form of republican government; many, however, believed that he was strong enough to establish a stable government, and that any stable government is better than none.

In Central China, Wu Pei Fu's military capacity had raised him to the rank of Divisional General before 1920, and his successful leadership in the field was at once the main cause of the defeat of the Anfu Party in that year, and of Wu's subsequent advancement to the office of High Inspecting Commissioner of Hupeh and Hunan. The scholar turned soldier, Wu, by his personal courage and devotion to his adopted profession, has won to a remarkable extent the confidence of the troops under his command, yet his honesty and simplicity make him appear but an amateur amid the political intrigues of Peking. He lacks Western education, yet he is a student and imitator of Western methods. Of the old school, and standing for much that was best in the old régime, he is yet an ardent reformer with a large following from among "Young China." He is a student of the ancient classics and of modern military tactics. During the recent fighting, as his aeroplane rose

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into the air at dawn the executioner, old style, sallied forth to discharge the doleful duties of his office, his two-handed sword slung across his shoulders, and the ominous red streamers floating out behind him.

It is generally conceded that Wu Pei Fu is as disinterestedly anxious for the unification of China and the pacification of the country as he claims to be. But it would be difficult to say exactly how he proposed to achieve his objects. His constructive policy, so far as he has enunciated it, is vague to a degree. He has, however, for the most part confined himself to the most effective form of destructive criticism, the overthrow in the field of those whom he has deemed to be antagonistic to his plans.

In the South, Sun Yat Sen is not a soldier but a politician. He has risen from being a political agitator to be "President of China"—that is, of so much of China as owes allegiance to Canton. His Western education and the spirit of the times have made him at once an idealist and a time-server. From motives of expediency rather than conviction he has shown himself something of a Communist. And Communism of a Bolshevik variety is a weed which grows quickly in the foetid atmosphere of Canton. While the armies of Southern China are notorious for their lack of discipline, the guilds which from time immemorial have banded together the followers of different trades and callings are nowhere stronger or better disciplined than in the South. Sun has been a Socialist and revolutionary all his life, his views have latterly been more highly coloured to suit the taste of the labour guilds. The extent to which the leaders of these guilds are imbued by Bolshevism was manifest in their propaganda during the recent seamen's strike at Hong Kong. At the same time the perfection of their organisation for an industrial war of terrorism was brought home to the residents of that colony. At the dictation of these Labour leaders all domestic servants left the colony for fear that, if they should refuse, their relations on Chinese soil would be maltreated, if not killed. Sun,

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if he now stands for anything but his own aggrandisement, stands for the revolutionary doctrines which Bolshevik agents have endeavoured, and are still endeavouring, to spread through China.

While, then, in North and South we have representatives of the reactionary and of the revolutionary tendencies, we may recognise in Central China the representative of all the best intentioned Chinese who long for a peaceful and united China, who are well advised that parliaments and free institutions are good things, but are by no means certain how they are to be come by.

The early months of this year saw every prospect of an unholy alliance between Chang in the North and Sun in the South, between the autocrat and reactionary, and the demagogue and revolutionary. How such an ill-matched pair can pull together in harness we have already seen in Russia. It was not unnatural, therefore, that among thinking Chinese the prospective alliance caused much misgiving. It would, however, be a mistake to think that any roar of execration went up throughout China. On the contrary, most were too doubtful of the issue to hazard more than a whisper, many, apart from partisans of either leader, felt that any combination which held out a prospect of reunification and peace was better than continual chaos.

But Wu was convinced that this way lay no hope of a permanent settlement. It must be admitted that his published utterances on the subject were not illuminating. They were mainly diatribes against Chang, laying stress on the allegation that Chang was about to invade another province, which Wu is equally capable of doing, and that he and Liang Shih Yih, the Premier whom he had nominated, were under Japanese influence. Seeing that in Chang's own province of Manchuria the Japanese have obtained a pincer grip by their control of the South Manchurian Railway, and that Chang's army has had Japanese instructors, and is partially armed with Japanese weapons, such an allegation was at any rate natural, and,

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as propaganda, nothing could be better. Wu, if he appreciated the real issues, never explained them, but he had the courage and the power to organise an effective opposition to a move which was clearly in conflict with all his ideas, and he did so with an unexpected degree of success.

Chang, having advanced to cover Peking, was driven back 300 miles to the borders of Manchuria, thwarted but not crushed. Wu did not feel that his own position was sufficiently secure to push his advantage further, and a most unsatisfactory "armistice" ended the operations. Chang has retired to his own three provinces, proclaiming their independence and himself the leader of the "Peace-preserving Army." There he is drilling fresh troops, and doubtless nursing a desire for revenge.

Sun did not move, but a *coup d'état*, organised by Chen Chiung Ming, an able soldier and administrator, and a reputed ally of Wu Pei Fu, has driven him from office in Canton to take refuge with the fragment of the fleet which is still loyal to him.

Wu, in the hour of victory, issued flamboyant proclamations announcing the end of domination by militarists and the convening of a parliament of all China. He placed in power a cabinet composed of intelligent and well-intentioned men, of the old school and of the new, as anxious as Wu himself for peace and unity under a liberal Government, but apparently with no clearer idea exactly how these blessings are to be attained. Wu then left them to their own devices, retiring to Loyang to train his troops, without having the money to pay them.

In these "civil wars" the extent to which the pay of the troops is in arrears is a most important factor. The troops on either side are such and such divisions or mixed brigades of the Chinese regular army. They go out to fight because they happen to be in a particular formation, and the extent to which they continue to fight ordinarily depends on the degree of discipline instilled into them,

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and the prospects of pay or of loot that fighting holds out. It is worthy of remark, however, that although Wu was successful in the recent contest his troops had neither the discipline nor the remuneration, pocketed or prospective, of the Manchurian forces. His officers possibly possessed a higher degree of education and intelligence than did Chang's, and the rank and file may have had more personal loyalty to their leader, but unquestionably throughout all ranks there was a general feeling that they were fighting for a cause, the unification of China, and to this was due the morale which brought them success.

Now that the war is over the weakness of the middle party for which Wu stands has become apparent, and caused many wiseacres to shake their heads and say, "Better, after all, if Chang had won and we had one strong man at the head of affairs." The position of the Cabinet in Peking is indeed pitiable. The rump of the so-called "parliament" is collecting in Peking, but there is no plan to put before them, and of mere talk there is enough and to spare without calling in a parliament to produce more. The coffers are empty; civil servants and soldiers are alike unpaid. Tung Kang, as Minister of Finance, may wield the axe as valiantly as any Sir Eric, but of what avail when the dismissed civilians come clamouring to the Council Chamber, drive out the Cabinet in craven flight by the back way, and beat brave Tung with fans on the threshold of the Chamber. Foreign creditors, too, are clamorous, and how shall they be satisfied when the only source of revenue is the small surplus collected by the foreign-controlled Maritime Customs and Salt Gabelle and the earnings of railways, which during months of commotion have been carrying troops and military stores for nothing, losing money instead of making it? Chang is making matters worse, for he has taken away with him most of the rolling stock of the Peking-Mukden Railway, that most profitable of all the Government railways, and, though there is an armistice, and though he has been asked

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repeatedly, he persistently refuses to return it. And there is no surety that Chang will not "come back." Wu would fight again, of course, but how are his troops to be paid? Some of them have already given trouble; they will not be content for long with praises and with promises. And there is so much for these troops to do if military governors are to be abolished, and all of them are not prepared willingly to abolish themselves. It is indeed a pretty kettle of fish. Well-intentioned mediocrity faced with the problem of regenerating China, with no money to spend for the furtherance of their gigantic undertaking.

II. CHINESE INDUSTRIES DURING THE TROUBLES

IT has often been remarked that it is amazing to see how in China agriculture and industry pursue the even tenor of their ways despite civil commotion and the financial and political bankruptcy of the country. There is some truth in the remark. The patience and resignation with which the peasant returns to his ancestral home after the tide of war has passed, his savings stolen, his few household effects destroyed, his crops trampled down, to build again laboriously, are even more pathetic than the frenzied terror with which he flies before the storm; and that is pathetic enough when one sees the father and the only son at home, who have left all behind in order that they may bring away the revered grandam, a wizened bundle, alleged to be over ninety, carried in a basket slung between them on a pole. But 1920 witnessed a disastrous famine, and 1921 a serious flood, both of which were entirely preventable. If irrigation and river control had made half the progress in the last generation that irrigation has made in the Punjab, thousands of square miles would have been secured a rich harvest, where now a miserable peasantry eke out a precarious existence. The Chinese themselves are not ignorant of what might be accomplished, but great

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public works cannot be carried out except the Government be stable and of good financial credit.

Industry is even less affected than agriculture by each petty war, and apparently quite unaffected by each change in the political kaleidoscope. It is, however, profoundly untrue to say that industry is unaffected by the chaotic state of politics and the liability to recurrent civil strife. The progress of industrial development during the last five years in the treaty ports, on the Yangtze, in foreign concessions, or in any place not far removed from the sheltering protection of a foreign flag, has been tremendous. In remote parts of the country the position is, unhappily, different. It is true that in the Province of Shansi, under a strong Governor* who neither mixes in anyone else's affairs nor allows others to interfere in his, there have been developments of much interest and some importance. Generally, however, industry, though it is largely controlled by Chinese without foreign co-operation, keeps close to those places which, on account of the presence of foreigners, marching or marauding armies are likely to avoid. It is, indeed, remarkable what powers of protection are thought to cling about a foreign flag. Of this the recent trouble furnished many illustrations, of which some were not without their amusing side.

Because the soil is rich and the valleys of the foothills sheltered they produce excellent crops of fruit. As the Peking-Mukden Railway passes between the hills and the sea, the fruit can be carried to a profitable market in Tientsin or Peking. Many, like old farmer Wong, find that nowadays no crop pays better than peaches, plums or pears. But this year the early crop ripened while Chang and Wu were fighting a pitched battle at Shanhaikwan. With troops on the move it was not safe to venture down to the railway station. But peaches will not keep long, and so the need for sending them to market was urgent.

* Shansi has but 30,000 troops, however, the fewest by far of any province in China.

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Others might forego their profit: not so Wong, a man of resource and of action. He succeeded in purchasing a Union Jack, big enough to cover completely his cartload of fresh fruit, and under the protection of this emblem of Britain's far-flung Empire, he safely escorted his peaches to the waiting railway wagon.

Industrialism in China is so recent a development that it may seem presumptuous to affirm positively that this or that feature, however well marked, is due to any assigned cause. It can scarcely be denied, however, that localisation is due to lack of security in remoter parts, or that localisation has had certain indirect but clearly traceable effects.

Localisation has led to the growth of large industrial communities at places so distant from the ancestral homes of the individuals composing them that family ties are broken and home associations forgotten. This is in itself a clean break with tradition. Everywhere, and at all times, such a break is a danger. In China at this critical period of her history it is a very grave danger.

Among the leaders of industry and the technical experts, this cutting of the family tradition and the opportunism which troubled times encourage in industry as well as politics have produced a type which is the very antithesis of the old style Chinese, though happily the old style still persists. With a Western, probably American, education, or at any rate a knowledge of English, this new type, in the cosmopolitan atmosphere of Shanghai, though heir to the oldest civilisation in the world, displays the weaknesses associated with the exploitation of a new country—a blatant self-sufficiency, an inordinate haste to be rich, a love of gambling which upsets the silver market of the world, and has turned Shanghai into a city of exchange, a recklessness in regard to capital expenditure which, careless of maintenance, must have the newest and the most improved. Here, too, as in the political world, speculation and favouritism are rife. Failures, and there are many, are not as a rule due to lack of technical knowledge or

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business acumen—they are due to unsoundness and lack of principle.

Among the workers this new life in a great city, far removed from family and village home, where millions change hands without a stroke of work having been done to earn them, has an unsettling effect even on the patient and industrious peasant. The guild has always been available as an instrument ready to the hand of the Labour agitator, to be used in forcing higher wages or better conditions from the employer. It is also available to the agent of Bolshevism, and it has been used. So far there has been no serious outbreak, but dangerous seed has been sown, and these densely packed masses of factory hands, toiling long hours for wages that defy Western competition, offer a soil in which such seed may quickly germinate.

It may be with a definite understanding of the need for combating these tendencies, or it may be merely of a part with the vague idealism characteristic of half-westernised China, that enthusiasm for promoting welfare work has grown up. Most probably, however, this interest in schools and in orphanages, and this fatherliness characteristic of the old Chinese, and of the best of the new Chinese turned industrialist, are a natural transplanting of the patriarchal system from the village to the town, from the family of blood to the family of employees.

The troubles of the present time are, then, a handicap and a danger in industry as in every other sphere, even though industry progresses and tentative efforts are made to combat some of the dangers of the situation. It may safely be said, however, that China is ripe for a great development of industry and of agriculture, that the industry, intelligence and adaptability of her people are a certain pledge of her success in any such venture, and that under more stable political conditions the development would come quickly.

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III. THE FLIGHT OF THE RAILWAYS

IF the effects of the present political situation on agriculture and industry are bad, the effects on the railway situation are a thousand times worse. The railways, that should be the surest means of fostering both agriculture and industry, have been turned into an instrument of war. Indeed, it might well be argued that, wanting a strong central Government, it would be far better for China that she had no railways at all. But for the railways, the great distances to be covered and the difficulties of transport would have made most of the recent civil wars impossible. The Manchus may have had more sense than is generally supposed when they banned the construction of military roads. There is no railway connection between North and South China. It is mainly for this reason that though politically separated since 1917, and often bitterly opposed, there has been no serious fighting between them.

Intrinsically the Chinese system of railways, though but an incomplete skeleton, is a valuable commercial asset. If we reckon among the Government railways, as now we fairly may, the Chinese Eastern Railway, a Russian concession line over which the Chinese have now control, and the Shantung Railway, a German concession line, on the point of being handed back by the Japanese, the Government lines comprise 5,300 miles of railway. In addition there are 365 miles of private and provincial lines, and the Yunnan Railway, a French line of which 288 miles are in China, and the South Manchurian Railway, comprising 683 miles, owned and operated by the Japanese. Whatever may be the future of these two lines, they are too distant from the commercial centres of China to be of much importance in the general railway position.

North of the Yangtze there is an entirely continuous system of railways, all Government lines, which, though

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but a partial framework of single track, lacking branch lines, and chronically short of rolling stock, has been well built, mainly by foreign engineers, and is generally well found.

There is no physical connection between lines south of the Yangtze and this Northern system. The great river is, and will long remain, unbridged, and no train ferry has so far been established. The lines south of the Yangtze are but the beginning of a railway system starting out from Shanghai, Canton, Hankow, and other isolated points, having at present no connection, though all will one day form part of a great Southern system.

It is in the North, where through railway communication has been established, that we see the ill-effect of reasonably good means of communication without adequate central control. Wu Pei Fu's line of advance on the capital is by way of the Peking-Hankow Railway, Chang Tso Lin's by way of the Peking-Mukden line. Each prepared for emergency by establishing posts at suitable stations all along each line. Wu, who has always been the more handicapped by shortage of funds, helped himself to the station earnings and made every preparation to use the line as a military railway. Chang had to walk more warily because the Peking-Mukden Railway has been largely financed by the British and Chinese Corporation, and under the provisions of the loan agreement all earnings must be paid into the Hong Kong and Shanghai Bank, and a considerable number of Britishers are employed on the line. He was not going to be caught napping, however, or trust to the foreign employees to collect for him the rolling stock that he would require for a forward move. From the beginning of this year he had collected at Mukden a large quantity of rolling stock to be available at a moment's notice. Though his advance by railway was conducted in an orderly manner, and with far better discipline than Wu Pei Fu's troops displayed, it necessarily interfered greatly with civilian traffic. His retirement by rail degenerated into a rout, and brought civilian traffic to a standstill. For weeks he

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stood astride the railway, first at the Kaiping Mines, and then at Shanhaikwan awaiting Wu's attack, and railway communication was entirely interrupted. Finally, when an armistice had been arranged, he took away, and towards the end of last summer he still retained, 75 per cent. of the rolling stock to work less than 25 per cent. of the railway's traffic.

The statistics of the Chinese Government railways afford no indication of the loss such interference causes, and, in any case, the delay to which their appearance is subject would make them useless in such a connection. The figures giving the coal actually lifted from the Kaiping Mines of the Kailan Mining Administration do, however, give some indication of the extent to which commercial traffic suffered. The Administration expect in a normal month to despatch by rail from the mines some 350,000 tons of coal. The quantities actually despatched monthly for the first six months of this year were as follows :—

					Tons.
January	..	..	..	..	274,053
February	..	..	..	..	276,455
March	..	..	..	..	252,890
April ..	..	..	..	..	227,263
May ..	..	..	..	..	50,989
June ..	..	..	..	..	119,353

And the Administration report that had their own colliery wagons and locomotives not been extensively used during May and June on the main line, these results would have been very much worse.

When such interference in the civil traffic occurs not once, but repeatedly, the difficulties of building up an industry dependent on the railways for transport are enormously enhanced. The railways are perpetually divorced from their proper function as the handmaid of industry, agriculture and commerce, and made to serve the needs of militarists and politicians. The country spends millions every year in carrying their troops and their stores, and on

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hauling the special train of the official on "urgent military duty," and receives not a penny, directly or indirectly, in return.

Interference by militarists is not, however, the only evil from which the railways suffer. The technical business of railway operation, possibly due in part to the continued employment of a considerable leaven of foreigners on the principal lines, is conducted with reasonable skill, when the railway employees are left to follow the instructions of their own superior officers, and are not terrorised by soldiers on the move. Further, the central Government has been trying with expert foreign assistance to introduce a scientific standardisation on all Government lines. But the financial and general management is bad.

At one of the Northern ports the material for a hundred and fifty large bogie wagons has been lying on the ground for the past six months because the railway that ordered these wagons is unable to pay their cost and the charges which have accrued for their shipment and storage. British firms who have supplied rolling stock to Chinese railways since the war in the belief that, having regard to the net earnings which they show on paper, prompt payment should present no difficulty, are still petitioning Peking in the hope that one day they may get their money. The truth is that, excellent as they are in form, the statistics of the Chinese Government railways are most misleading as to the facts. The earnings from the enormous volume of military traffic constitute a book entry, the railway shows them on the credit side, nobody accepts them as a debit. Furthermore, when a cash profit is available the railway has no say in its disposal. If it escapes the clutches of the local militarists, Peking has a thousand uses for the money more urgent than meeting the railway's outstanding liabilities to foreign merchants.

The evils of "graft" and nepotism which we have noticed in the political and industrial world are equally prevalent on the railway. A change in the Cabinet means

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a new managing director for each of the more important Government lines. The new director has his own nominees even for the post of station master. The supply of empty wagons at each station falls far short of the demand. The new station master may have but a few months in which to collect, so he collects rapaciously from anybody who wants a wagon, from the man who wants to keep a loaded wagon waiting, from the applicant for the post of pointsman, or from the subordinate who wishes to retain his post. And so we come back to where we started: speculation and favouritism, the blight over everything, the struggle of the militarists for domination, spelling instability and opportunism everywhere. The pot goes on boiling, and whence is help to come?

One fact is patent—China will not be regenerated by being parcelled out into spheres of influence or by exploitation by foreigners. Before the war that horse was a general favourite. During the war Japan rode it to a heavy fall.

IV. THE REMEDY FOR THE MALADY

BY the Consortium agreement of October 15, 1920, the British, French, Japanese and American groups have pledged themselves to act together for five years so far as all foreign loans to the central Government or any Provincial Government are concerned. At the Washington Conference these four Powers avowed their intention of according all possible help to China in establishing a stable Government and rehabilitating her finances. There is thus ample testimony that these four great Powers recognise that spheres of influence are a chimera of the past. But because these Powers have bound themselves to act together and no longer independently, is there any guarantee that China will not be exploited by an international combine, instead of by the several nations acting independently? It is the fear of this that makes the Chinese shy of the

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Consortium's advances. If anything is to be accomplished the first essential is that China must be made to feel that she is free to choose her own form of government, to develop her own soil and resources, and to adapt her ancient civilisation to the needs of a larger and a changing world without foreign interference or even prompting. Perhaps things could be done better and quicker in a foreign way than in the Chinese way—more probably they would not get done at all, for China's power of passive resistance is a terrible force. It is certain, however, that nothing permanent will be accomplished unless the Chinese feel that the foreign combine—call it Consortium or what you will—is there to help them to do the work themselves in the way they want and at the time they want it, for the good of China and without hope of profit or reward, other than bare payment for the use of money and for time devoted to the task. Because the central Government is impotent for want of ready cash, and money to meet pressing and immediate needs is their first thought, undue prominence has in many quarters been given to the financial aspect of the problem.

China has a population computed to exceed that of the British Empire, including India. Of all countries in the world, not excluding the United States of America, China is potentially the most independent of foreign trade. Within her own borders she is capable of producing everything that she requires, save only such luxuries of the rich as sharks' fins and edible birds' nests. She has a teeming population, industrious, intelligent and quick to learn, a language which is the most concise and practical devised by man, a rich soil, great coal deposits and other mineral resources, a long seaboard, and thousands of miles of inland waterway. For such a country a national debt of £300,000,000 is no burden. Financial help from outside is only a temporary necessity. With good and stable government all the money required by China could be found by China.

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As for the immediate financial stringency, it is not a cause, but one of the most obvious effects of the present troubles. The proposed increase in the customs tariff, agreed to by the Washington Conference, will afford means of securing the foreign loans for which revenues have not already been earmarked, as well as the unsecured domestic loans. This done, the earnings of the railways and the ordinary revenues of the country, even if internal customs duties be abolished, could provide adequate funds for carrying on the legitimate business of government and leave a margin for securing new domestic loans to provide funds for much needed public works, if only militarism were dead and done with. How to kill this many-headed monster is the real problem.

Neither the Consortium nor the Washington Conference has investigated, much less formulated, a solution. Neither words nor money are enough to give back a real control to the central Government, though a sound financial position and a sound public opinion both at home and abroad help. Possibly years of desultory fighting might achieve a solution. But this is a big price for the country to pay. Is there no weapon in the hands of the central Government which, properly used, could end militarism? There is. The railways, properly used and with a little well-directed foreign help, could quickly give absolute control over all Northern China to Peking.

There has been a great deal of talk about the railways lately, but nearly all of it burks the real difficulty. Proposals to pool all the outstanding foreign loans secured on railway earnings, and issue one series of railway bonds, are excellent so far as they go, and in keeping with the spirit of the Consortium agreement. But no such financial measure will prevent the Peking-Hankow Railway from being converted into a military line, or stop the robbing of the station tills by a military governor. The plan to place operation in the hands of a new technical Consortium may enhance the value of the railway bonds or make future borrowing

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abroad a cheaper operation for China. It cannot prevent the Peking-Mukden Railway from being monopolised by military traffic for months on end, or stop a local War-Lord from denuding it of its rolling stock. In truth, the technique of railway working is the very department in which help is least urgently required. What the Chinese do not already know about it they can very soon learn. What is required, and what neither Consortium nor Conference has ventured to discuss, is adequate policing: policing that will prevent the robbing of the till, the confiscation of the rolling stock, the bullying of the staff, and the use of the line without payment.

It is not intended to suggest that policing of the railways is the be-all and the end-all of the regeneration of China. It is, however, confidently affirmed that it is the first and most essential requirement. If the policing is adequate, everything else can be made to follow in natural and logical sequence. But before elaborating this point, it must be made clear what kind of policing is suggested. Let it be said at once that the kind of policing proposed is not such as the Protocols of 1901 and 1902 permitted the Signatory Powers to exercise on the section of the Peking-Mukden Railway between Peking and the sea. An agreement which sets out to insure the maintenance of open communication at all times, and yet permits in practice opposing Chinese armies to fight a pitched battle astride the railway, is in principle ill conceived. A provision which prevents the occupation by Chinese forces of any point within 1,200 yards of the railway, while it places no obstacle in the way of moving armed Chinese forces along the railway, is impossible. These Protocols have in practice become a laughing-stock to Chinese and to foreigners alike. They are a legacy from another age, and the sooner they are torn up the better. Their whole spirit is contrary to the principle of working in co-operation with and in the interests of the Chinese.

The adequate policing contemplated here must set out

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to make it impossible for anyone to infringe any railway regulation with impunity. It must be policing strong enough and efficient enough to prevent a militarist, even if he be a Super-Tuchun, from misappropriating railway earnings, from forcing railway servants to carry out his orders instead of those of the central Government, or from using the railway for the movement of his troops or stores without cash payment in advance.

The co-operation of the Powers is required to organise such a force in a reasonable time and to maintain it ; indeed, it is essential. It is essential in the first place because the discipline and efficiency of the force must be far above anything known in the Chinese Army, or that the Chinese are at present capable of introducing, though the rank and file must be Chinese, the Inspector General of the Railway Police and a proportion of his officers must be foreigners ; though Chinese should be substituted at the earliest possible moment. It is essential also because the police must be independent of politics and, as far as this is possible, above suspicion of corruption. It is essential because the police must have the prestige which the Great Powers can confer. But though the railway police must be largely officered by officers lent by the Great Powers, it must be made abundantly clear that it is there to work for the Chinese Government, and not for, nor in the interests of, the Powers. It requires but a few minutes' conversation with any thinking Chinese who has a stake in the country to convince one that the constitution of such a force for such a purpose would be welcome, more welcome, indeed, than any other form of co-operation.

It may be urged that the force proposed would merely be a mercenary army, in police uniform, to add to the number of useless soldiers who are contending for the domination of this or that interest. But in practice there will be no need for the railway police to fight the battles of the central Government or to enter into armed conflict with the soldiers of the Tuchuns. The prestige of such a force

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would be so great that it is most unlikely that its orders would be disobeyed, and insistence on cash payment in advance would soon stop military movement. If, however, any militarist should be bold enough to defy the Military Police, the business of the police would be to make it possible for the railway officials immediately to withdraw rolling stock and personnel and to take any other steps which in the circumstances might be deemed necessary to deny the use of the railway as an instrument of war, or of financial profit, to the recalcitrant Tuchun. The suggestion that such a thing would be possible may seem strange to those familiar with conditions in Europe, though ignorant of China and Chinese ways. But in China the great distances, the extreme difficulty of moving troops otherwise than by rail, the lack of organisation and discipline which alone make possible a sudden swoop, and the rooted aversion of the Chinese to precipitating a crisis, would render it comparatively easy for a small but well-disciplined force in occupation of the railways to deny the use of the railways to a Chinese army, and withdraw without fighting or serious difficulty.

When the adequate policing of the railways has been provided for, it will then be possible to give such technical and financial help on the railways as is required, with good hope that it will be profitable. The technical help, although it be little, must be good. It is worse than useless to introduce a class of foreigner with no more knowledge or power of control than the Chinese railway men have themselves. On the other hand, "Adviser" is a title which has fallen into disrepute in China, and definite powers should by agreement be placed in the hands of any foreigners who are appointed to Chinese Government railways, as part of the general scheme for their improvement. Probably the best system would be the appointment of Foreign Inspectors reporting through Chief Inspectors to a Board of Inspectors who had by previous agreement power to require the Government to accept its recommendations

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in regard to certain specified matters and within certain limits. Whatever the precise function of the foreign technical expert, it is of paramount importance that he should not try to force upon China any wholesale change to new and untried methods. In the main the Chinese must be left to develop their railway system in their own way. Success will be achieved through evolution, not revolution. Such madness as insisting on the conduct of ordinary business on a Chinese Government railway in a foreign language must be avoided. All that is good in Chinese methods of doing things must be retained. Zeal for economy must not oppose railway schools or orphanages or interfere with patriarchal methods.

Railway reform can only immediately affect the North. But if the system of railways north of the Yangtze were no longer available for the movement of rival armies, the difficulty and the cost of transport would quickly make civil wars impossible. The armed hordes of the militarists would become a useless luxury and melt away. The civil power would command the situation north of the Yangtze. With the railways securely in their hands they would have the opportunity within a comparatively short time of effectively abolishing militarism and giving Northern China peace. Southern China would not be directly affected. But a settlement of the differences between North and South could readily be effected if real authority in the North were vested in a surely established civil Government.

Furthermore, the policing of the railways would give play to the enormous potentiality of the existing railway system as a revenue earner. The published results of operating the Chinese Government railways give no indication of the sums which these railways might earn if they were not continuously divorced from their proper uses. Their use for commercial purposes would in itself go far to mitigate financial stringency. The disbandment of useless armies, and the facilities for collecting revenues which the railways

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thus controlled would, it may be hoped, afford, would do much more to replenish the empty treasury.

When all this has been done would come the time for undertaking extensions of the present railway system, and the linking up of North and South China by the completion of the proposed connection between Hankow and Canton. To build the line at any earlier date would be to court a new disaster. The improved means of communication might be used in the first instance by North and South to get at one another's throats. This and thousands of miles of line throughout China are an obvious need. These lines would open new vistas for agricultural and industrial development. But they are all useless and worse than useless unless there be a stable Government sure of their control.

Irrigation and river control would naturally follow. The opening of these means of communication, and the construction of these great public works, would lead to great and widespread development of industry and agriculture, which the free use of existing railways would alone have done much to foster. Indeed, the industrial development of China has only well begun, and the Chinese are anxiously looking for further opportunity. Better means of communication are one of the first things that they look for to afford them this opportunity.

In a word, if the Great Powers signatory to the Washington Conference are genuinely anxious to help China, they can best do so by helping her to organise a force for the policing of her railways. The results which may be expected from such a measure are the control of the railways, the abolition of militarism, the stabilising of the Civil Government in Peking, the rehabilitation of the country's finances, and the construction of railway extension and public works.

By these means we do not endeavour to strike direct at the evils of corruption and unsoundness which we have noticed as the most disagreeable characteristics of official-

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dom and of the new industrialism. It is from the nature of the case impossible for any body of foreigners to do so. But we may hope to remove some of the prime causes of these evils. It is idle to suppose that a regenerated China would spring immediately from any reform which can be devised—a generation is a short time in China. But if we are honestly anxious to help China in her present straits, the first thing to ask is where we should begin. A fine example of where not to begin was seen immediately after the Armistice when the Chinese Government with British co-operation endeavoured to organise a civil aviation service. Some reasons for holding that in China's own interests a beginning had best be made on the railways have been given. An improvement of the railways seems equally in the interests of the nations doing business with China.

No demonstration is required to prove that the business of exporting the products of China would receive an immediate impetus if better railway facilities were made available. The delays and risks to which produce in transit to port by rail is liable at present are a great deterrent to the exporter. A development of industry and of communications would lead immediately to an increased demand for foreign manufactures and materials. Europe is looking for a market for her goods. China is big enough and populous enough to give her all the market that she wants. This is no savage and ignorant land incapable of appreciating the value of the foreigners' wares. It is a country of intelligent and civilised people, ready to turn anything which Europe has to offer to their own uses. The volume of trade that a regenerated China would create would quickly make an end of the industrial depression and unemployment in Great Britain. A solution of China's problem is a solution of our problem too. To work with China, for China, without asking for any direct reward is not mere idealism. It implies a recognition of the fact that the world is economically one, and that in helping China we help ourselves.

Lastly, it must be emphasised that delay is perilous.

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The present situation is fraught with such danger that dissolution appears imminent if early help is not forthcoming. If China once breaks up into a number of autonomous provinces, years of suffering and strife await her before she is again one, as assuredly she ultimately will be. Dissolution would be a disaster not only for China but for the whole world. International jealousies have in the Near East blighted the fair hopes of a new era of good government resulting from the Great War. Jealousies and consequent delays will certainly result in a lost opportunity in the Far East. The Chinese look first to Britain and America for help, and it is of the utmost importance that these countries should have a general understanding as to how help is to be given. But French and Japanese co-operation are most valuable, and cannot be dispensed with. It is high time that these four Powers agreed with China upon a definite plan of action and began to put it into effect.

UNITED KINGDOM : THE POLITICAL SITUATION

THUCYDIDES, in his account of the origin of the Peloponnesian War, drew a classical distinction between the causes and the occasion of a historical event. Like many reflections which have long since lost even the appearance of profound or original thought, this is accepted as a truism but forgotten in discussions on current affairs. The value of the distinction has been admirably illustrated by the fall of the Coalition Government. The startling suddenness of that event has lent a plausible air even to the theory that its cause was a conspiracy hatched in the Carlton Club. For had not Sir George Younger, the Brutus of that drama, two short weeks before breathed "gentleness and show of love"? On September 29, at Glasgow, he had supported the Coalition, praising the Government for dealing faithfully with the Turks in the crisis, and suggested that the behaviour of France showed that for some of the troubles in the past she must be held largely to blame and not the Prime Minister. But this after all proves only what is not in dispute, that the end of the Coalition was not immediately expected. It had been foreseen for at least twelve months, and though the victim was knocked down by a taxi, he had been warned by the doctors that he was in the grip of an incurable disease.

The Coalition laboured under formidable disabilities. Government by any coalition of groups or parties offends against the popular British notion of the proprieties of our political system. The essence of the game is that

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one side should field while the other bats ; that one body of men professing a common political faith should govern while another, temporarily less numerous, provides the constitutional check of a strong opposition. The two-party system is in our blood, and neither the rise of a third party, in Labour, nor the entire recasting of the broad issues of politics has yet succeeded in expelling it. In the face of a great peril such as the war, all ordinary political differences vanish, and the electorate accepts a coalition of parties as a symbol of national unity ; but even then always with the *arrière-pensée* of a return, when the danger is past, to a state of nature. In 1918 it could be argued with great force that we were not out of the wood, and the Coalition by common consent continued ; but after four years of steady disintegration, the old instincts have re-asserted themselves. They have had on their side the sympathy of party organisers, for a coalition cuts into local party arrangements and leaves the professional political agent all at sea.

The late Coalition had other weaknesses of its own. After the General Election of 1918 it was represented in Parliament by 334 Unionists * on the one hand, and 133 Liberals, plus a Prime Minister, on the other. Given a numerical disproportion such as this between the two wings, given, too, that the Prime Minister is taken from the minority, that he is no ordinary head, *primus inter pares*, but a dominating personality, "a dynamic force"—to use Mr. Baldwin's phrase—inspiring, innovating, improvising, drawing into his own hands all the threads of government—given these premises, it is easy to see the obstacles to a fusion of parties. But fusion is the only alternative for any Coalition to ultimate dissolution into its elements. Exclude it as a practical issue, and the question becomes not whether but when the bond will be broken.

* This figure is exclusive of the Irish Unionists. There were also eleven Labour supporters of the Coalition.

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As the life of the last Parliament drew to a close, the time approached when a decision had to be made as to the terms on which the two wings of the Coalition would go to the country. From that decision there was no escape. After the crisis in January last,* when the threat of a Conservative secession probably prevented an election, there was a steady slump in Coalition stock. Nothing but a resounding triumph could restore the market, and it would have to be not only a demonstration of the need for the Coalition but a personal success for the Prime Minister, so striking that in the mind of the Conservative party the value of his prestige outweighed the disadvantage of serving under a Liberal leader. Far from finding safety in a triumph, the Coalition was dogged by misfortune. Its Irish policy had completely alienated the Die-hard section of the Conservative party, and the continued disorder in Ireland and the persecution of the loyalists not only strengthened that group but raised doubts and misgivings in the minds of many who had supported the Treaty. Not even the prodigious exertions of the Prime Minister could extract a pure metal from the refractory ore of the Genoa Conference. The reparations problem continued to defy solution. The Honours List in June enveloped the Government, and in particular the Prime Minister, in an atmosphere of scandal. Then came the crisis in the Near East. It marked the failure of a policy and it threatened to end the French Entente, and few of those who regretted these results stayed to ask whose was the policy or whether the Entente was in greater peril in London or in Paris.

The Unionist party conference was to be held in November, and so strong was the feeling against the Government in the local associations that a majority in the conference was thought probable for a resolution against the party fighting the election as a Coalition under Mr. Lloyd George. Mr. Lloyd George could hardly be expected to wait for his dismissal in that form. In a speech at Man-

* See THE ROUND TABLE for March, 1922, p. 362.

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chester on October 14 he "threw himself on the country": he would support any Government that did its duty. A day earlier Mr. Chamberlain at Birmingham had praised the Prime Minister's loyalty to his Unionist colleagues and had declared that in face of the menace of Socialism the continuance of the Coalition was imperative. The exact course of events after that is uncertain. The Government appear to have decided on a dissolution before the Unionist Conference in November, and Mr. Chamberlain summoned the Conservative members in the House of Commons to meet at the Carlton Club on October 19. On October 18 Sir George Younger, as Chairman of the Party Executive, called a special meeting of the party, that is of delegates from the constituencies, for the following week. This was the first signal of revolt. On October 19 the result of a bye-election at Newport was announced: a Die-hard Conservative, who had not had the support of the central organisation, was returned unexpectedly by a substantial majority. This result and the intervention at the eleventh hour of Mr. Bonar Law against the Government decided the issue at the Carlton Club. A resolution was carried by 187 votes to 87:—

That the Conservative Party, while willing to co-operate with the Coalition Liberals, should fight the election as an independent party with its own leader and its own programme.

The Government at once resigned, and the King sent for Mr. Bonar Law, who formed a Conservative Ministry and dissolved Parliament.

The Conservative revolt spread upwards from the ranks. Its strength lay in the conviction widely, though not universally, held in the party that to fight an election as a Coalition under Mr. Lloyd George was to invite destruction. Whether that belief was well founded, we shall never know. Our own opinion is that it was not. But its sincerity is not open to question, and it is of the essence of an alliance between parties that either member should be

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free to terminate it. No party can be expected to will its own defeat at the polls. The Conservative leaders who had worked loyally with Mr. Lloyd George and who believed in the necessity for the Coalition were not, like their followers, free agents, and their public statement of their attitude did honour both to themselves and to Mr. Lloyd George. As to their future, "We remain," they said, "what we have always been, Conservatives and Unionists; and no Conservative and Unionist Government need fear factious opposition at our hands." Of their 87 followers at the Carlton Club, almost all have returned to their place in the ranks.

An article written on the eve of the elections for publication after their results are known cannot profitably enter into a detailed discussion of electoral prospects. Speculation as to majorities is, indeed, far more of a gamble than usual. In many constituencies there are three or even four candidates for one seat: a straight fight is almost the exception. In an electorate of twenty millions, eight millions are women and an almost unknown factor. Election addresses and speeches have amply confirmed what THE ROUND TABLE has often asserted, that the only vital difference of political principle at the present time is between Labour on the one hand and the other parties, whether they wear the label Conservative, Independent Liberal or National Liberal, on the other. The old subjects of party controversy have vanished. The form of the government of Ireland has been settled by a Treaty which no party or section of a party is prepared to repudiate. Tariff Reform survives only in the Key Industries Act as a disembodied spirit. In these conditions the choice for all but the followers of Labour becomes one either of personalities or of general impressions.

The new Government claims support for no policy but a negative policy. It will aim at tranquillity, but cannot guarantee to find it. In foreign affairs it will work by quieter methods for the maintenance of Allied unity; even in the cradle the elusiveness of that object is being

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brought home to it. Economy is a crying need, but so uncertain is it whether further savings are feasible that no relief in taxation can be promised. This is the programme of the blank cheque and it exposes the Government to attack from all sides. Against this disability the Conservative party can set one valuable asset. That is the widespread desire for safe, even though it is not brilliant, administration; the prevailing distaste for all forms of revolutionary change; the reaction from opportunist politics to the steady pursuit of a common purpose which is traditionally associated with a Government drawn from one party.

Labour in the precise definition of its aims stands at the opposite extreme to Conservatism. It knows what it wants and conceals nothing. Nationalisation of the mines and railways, a capital levy, revision of the peace treaties, a higher standard of life for the workers, a national housing scheme, better education; these are all in its programme. Their appeal cannot be ignored, but it is probable that there have been moments in the last three years, as it is certain that there will be moments in the future, more favourable to the Labour cause than the present. Three years ago a capital levy for the reduction of war debt found many advocates outside the Labour party; to-day there are none, and even the leaders of Labour seem to be wavering under criticism. Labour, indeed, is not contesting this election in the confident spirit which sweeps the board. The depression in trade impoverishes the main body of its supporters and reduces the contributions of the trade unions to its funds. It has so many weak candidates that to vote Labour must often be a triumph of principle over predilection. Within a week of the polls it has suffered a heavy blow to its prestige through the loss of over 300 seats in all parts of the country in the municipal elections.

There remain Liberalism and Mr. Lloyd George. The most interesting of all electoral problems has been the

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attitude of the late Prime Minister. Would he throw off all his Conservative associations and work for Liberal reunion? Though excommunicated by Abingdon Street, he could have returned to the fold by raising a finger. The *Manchester Guardian* has almost exhausted the springs of persuasion in its appeals to him to revert to the orthodox faith. Never mind the leaders; he need swear no fealty to Mr. Asquith. Reunion would come from below, from the party in the constituencies. Look at Manchester, look at Leeds, where all the Liberal candidates had dropped both prefix and suffix. Let him only declare himself a Liberal and the movement would be general. Mr. Lloyd George has refused to be tempted. He has not entered the door, but he has left it open. Some of his National Liberals are fighting Asquithians, others are fighting Conservatives. He has contrived to support both and to leave the impression that his only political enemy is Labour. To have declared openly that he was a Liberal and nothing more would have been a denial of his own belief in the need for a Coalition of moderates, and an ungrateful acknowledgment of the loyalty of Mr. Chamberlain and his other Conservative colleagues. Nothing can prevent Liberalism renewing its strength.

It is the general belief that the Conservatives will be the largest single party in the new Parliament. Whether they will have an independent majority over all other parties is considered more doubtful. If they have not an independent majority, the most probable alternative seems to be a position in which it will rest with Mr. Lloyd George's group at any time to decide the fate of the Government. For our part we should prefer that whatever Government is in office should be able to command a majority of its own. A powerful opposition is in any case assured, and that is the best safeguard against any tendency in a Conservative Government towards reactionary measures. We expect no fundamental change of policy under the new régime. The old problems remain, and their difficulty

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does not diminish. Peace in Europe and economy at home will continue to be the watchwords of Governments. The outstanding personality in the new Parliament, as in the old, will be Mr. Lloyd George. He has only to wait for the future to unfold itself. In whatever direction he moves he will attract adherents, but the whole tendency of his mind is towards Liberalism, and his most natural task in the future would seem to be to lead a reformed and reunited Liberal party. In the course of time he will again dominate the political stage.

Since this article was written the General Election has taken place, and the result is known just in time to enable us to add the figures. They are as follows in *The Times* of November 18 :—

Unionists	341
National Liberals	54
Liberals	60
Labour	143
Independent Unionists	3
Independents	4
Co-operatives	2
Nationalists	2
Communists	1
Sinn Fein	1
<hr/>	
Total	611
<hr/>	
Results still to come	4

The Unionists have therefore obtained a working majority of 71 over all other parties.—EDITOR.

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I. THE SEPTEMBER SESSION OF THE INDIAN LEGISLATURE

THE third session of the Indian Legislature was opened by the Viceroy in Simla on September 5, 1922. The programme before the Legislature seemed then to offer the prospect of a comparatively dull session of hard work, devoted chiefly to the amendment of the Code of Criminal Procedure, and the enactment of new laws governing Emigration, Mining, and Workmen's Compensation; and the only spice in this solid meal was the promise of an animated debate in the Legislative Assembly, if not in the Council of State, upon the speech delivered by Mr. Lloyd George in the House of Commons on August 2, on the character of Indian reforms and the position of the Indian Civil Service under them.

The Viceroy's speech, delivered to a House moderately well filled, in which the attendance of the Council of State was notably better than that of the Legislative Assembly, covered a wide range of subjects. He spoke of the complete restoration of peace in the Near East, all unconscious of his own irony, for, at the very moment that these words were uttered, the Turkish forces were launching the offensive which eventually carried them to Smyrna.* Events in Anatolia have thus once more raised a Moslem ferment in India, but at the time of writing it is still too early to

* These words were written before they reached the neighbourhood of the Straits.

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gauge the effect of Turkish victories on Indian politics. It can, however, be said with confidence that the more equitably Greek gains and Turkish losses, as assigned in the Treaty of Sèvres, are redistributed, the more surely will Moslem India rally to its old allegiance. The Government of India has been unremitting in its efforts to bring home the importance of this feature to the British Government, and Indian Moslems are not ungrateful. The Viceroy himself said :—

It is gratifying to observe that the activities of my Government have not been without effect upon the Moslem population of India, who have readily acknowledged and appreciated that my Government have done their utmost to impress the Indian Mohammedan view upon His Majesty's Government.

Proceeding to the "cordial relations which subsist with all the Powers on our borders," he referred to the conclusion of the Treaty between His Majesty's Government and Afghanistan, and indicated his belief in the stability of the situation thus created. Whether the relations of anybody with Afghanistan can ever be stable is a question for publicists to dispute, but the Viceroy is at least entitled to claim that the Treaty signed in Peshawar last March has won a respite for both parties, who both needed it. The shrewder Afghans probably realise that their new efforts to consolidate their own country and to develop its resources, both human and material, necessitate good relations with the Government of India on the one hand, and a careful abstention from adventures on the other. Hence some justification, perhaps, for the Viceroy's optimism. After a further reference to Frontier conditions, in which he said that there was peace on our tribal frontier, excepting Waziristan, he declared that in Waziristan itself the object of the Government of India is "to ensure the security of life, honour and property of those who are entitled to our protection, whilst keeping our expenditure within the narrowest limits commensurate with our purpose."

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A long passage in the speech then dealt with the questions under discussion between the Government of India and the various Governments of the Dominions, giving special prominence to the Right Honourable Srinivasa Sastri's mission ; but, as these matters are still, so to speak, *sub judice*, and as Mr. Sastri has not yet returned, full consideration of them may be postponed. A cautious reference to the finance of the current year, and a short paragraph emphasising the new departure which the Government of India has made in appointing Standing Committees attached to the various departments of Government, followed.

The most important part of the speech, however, dealt with three subjects, each of which will receive treatment in the following pages :—

(a) The repeal of the Press Act and the consequent necessity of introducing measures to protect the Indian Princes against seditious attacks upon them in newspapers published in British India.

(b) A passage designed to calm the apprehension raised by the Prime Minister's speech of August 2.

(c) The urgent duty which lies upon the Indian constitutionalists to organise the defence of the constitution by the education of the electorate in view of the approaching General Election of 1923.

The speech was on the whole well received ; though members did not exactly relish the Viceroy's warning that the Legislatures have not done all that they might to make the reforms secure in the face of the Non-co-operation movement. The warning itself was not lost upon the Viceroy's audience, but the main subject of animated comment in the lobbies was the Prime Minister's speech.

On September 7, Professor Kale, of Poona, moved a Resolution in the Council of State expressing the "apprehension and disappointment created in the public mind in India by the speech." It will be remembered that on the occasion of the third reading of the Appropriation Bill Sir Samuel Hoare raised the question of the future of the Indian Civil Service under the reforms in order to enquire

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whether there was any prospect of an improvement in their pay and allowances. As the debate proceeded, subsequent speakers expanded the matter of Sir Samuel Hoare's speech into a general review of the political condition of India. Mr. Lloyd George's reply covered nearly the whole ground ; but there is strong reason to suppose that much of his speech was delivered without premeditation, and that he frequently departed from the brief supplied to him by the India Office. Those who know Mr. Lloyd George's oratorical methods are not surprised that the speech contained both ambiguous and unfortunate phrases which acted as pinpricks upon the sensitive mind of political India.

Two main themes predominated in the Prime Minister's speech. In order to reassure the Indian Civil Service, he delivered a eulogy on their past achievements and, declaring that they were the "steel frame" which maintained the unity of India intact, he said that he could not see the day when India could dispense with the services of the British Civilian. His second theme was purely political ; and, in developing it, he described the present Indian constitution as an "experiment"—a phrase which was instantly seized by the Press and politicians of India as a hint that the reforms might some day be withdrawn.

There was neither novelty nor provocation in the speech itself. The Indian reforms of the Montagu-Chelmsford report have been described a thousand times as an "experiment," and there would have been but little cavil at the word had it not been for the fact that, ever since Mr. Montagu's resignation, the voice of criticism against Indian institutions of his creation has been more loudly heard in England than ever before. Hence a certain apprehension in the minds even of the most sober Indians that England may go back upon her word and tear up the solemn declaration of August, 1917. There is, of course, not the slightest fear that England will, or can, do anything of the kind ; and even the Indian politician himself realises

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that the present constitution is an instrument of transition, and that, therefore, the word "experiment," coolly considered, accurately describes it.

In using the words "steel frame," and in saying that he could not see the day when India would be able to dispense with British help, Mr. Lloyd George was obviously thinking more of the prevailing unrest in the Services than of the effect of his words upon those whom he himself has invited to take an ever-increasing part in the government of their own country. It would have been wiser on his part to have said that the existence of a trained and trustworthy Civil Service is necessary to the life of any state, and that until an adequate supply of Indians fulfilling this condition is forthcoming the British element in the Public Services in India must remain. When the Prime Minister sat down Colonel Wedgwood immediately challenged the speech as a threat to India; but subsequently Sir Donald Maclean elicited by a nod from the Prime Minister and by a speech from the Under-Secretary of State for India, Earl Winterton, the assurance that nothing of the kind was intended. A fortnight later in Simla, the Viceroy assured a deputation of members of the various Indian legislative bodies that the interpretation put upon the speech in India was mistaken, and that his Majesty's Government and the Government of India stood firmly by the policy embodied in the Government of India Act. The agitation raised by the Prime Minister's speech, however, had reached such a pitch that even the Viceroy's assurance failed to still the troubled waves; and when the Indian Legislature met in Simla early in September, it was certain that the matter would be raised in both Chambers.

In moving his Resolution in the Council of State, Mr. Kale accepted the assurance of the Viceroy, but pointed out that there were still certain discrepancies to be explained.

He said that he accepted the word "experiment" as applied to Indian reforms, for when a departure is made in policy there is no harm in calling that an "experiment." He went on to say, there

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are Non-co-operators in England—those who are opposing the spirit of the reforms—and there are also Non-co-operators to be found in the Civil Services. If the reforms fail, they will fail as much on account of want of co-operation on the part of these people in England and in India as for want of proper co-operation on the part of the Indian people. He further pointed out that certain passages in the Prime Minister's speech could only mean that the Premier does not contemplate the transfer of real power to the hands of the Indian people for generations to come and, therefore, he felt justified in saying that the Prime Minister had "laid the axe at the root of the reforms."

Mr. Phiroze Sethna, who followed, said the Central Legislature would be guilty of a serious dereliction of duty if it did not voice the feelings and sentiments of the Indian public, and, in using the word "feelings," really touched the heart of the matter. Indian sentiment was gravely disturbed by the speech, and even those who realised that the reforms were not in jeopardy felt that they could not allow the Prime Minister's speech to pass unnoticed. Subsequent speakers described the speech as "ill-conceived," "unfortunate," "disappointing," and even Sir William Vincent himself admitted that it had aroused misgiving in certain quarters. Sir Alexander Murray, the most representative European in the Indian Legislature, said that even the full text of the speech "did not entirely remove my feelings of surprise that the Prime Minister should deliver himself of a speech on Indian affairs so liable to misinterpretation and so capable of mischief-making in this country." Entering a strong plea for cool and reasoned consideration of the whole matter, he declared that, as a convinced believer in the reforms, though he regarded the whole episode as unfortunate, he could not bring himself to censure the Prime Minister for stating the truth, even though the form of the statement was certainly liable to misinterpretation. The debate occupied one whole sitting of the Council of State and ended in the rejection of Mr. Kale's Resolution without a division.

Not so, however, the Legislative Assembly which, two

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days later, passed a resolution by a majority of 48 to 34 expressing the grave apprehension of the Indian public at the Prime Minister's speech. The speeches in the Legislative Assembly sounded a note of more vehement protest than those delivered in the Council of State, but contained no new material. It is not necessary, therefore, to describe them in detail. All that remains to be done is to draw the obvious moral from the incident. In present circumstances the terms of the partnership between Britain and India are not yet as clearly written as are those that obtain in the Dominions. A period of time must elapse before the partnership can be established on a stable foundation; and during the transition the first duty of statesmanship in London as in Delhi is to avoid all needless cause of misunderstanding. It is to be hoped that the Prime Minister, and not only he but all public men in Great Britain, will take warning from this incident and choose with care both the time and the manner of their utterances upon Indian affairs. If His Majesty's Government finds it necessary to comment in public speech upon political developments in India, that comment must be couched in considered and complete terms; for *obiter dicta* which sound harmless at Westminster may work havoc in Hindustan. The moral, on the other hand, for the Indian politician is that having received the solemn pledges of the Crown itself, and having seen them enshrined in the greatest Act of Indian Reform ever passed by the Imperial Parliament, he should not take fright at platform phrases.

Although the Prime Minister's speech occupied the first place in the thoughts of all in Simla early in September, a subject of much greater importance for the present operation of Indian Reforms was debated in the Legislative Assembly on a Resolution asking for a reduction in the contributions of the Provincial Governments to the Central Exchequer. An amendment was moved by Bombay asking for the revision of the whole system of provincial contributions by an enquiry which should supersede the conclusions of Lord Meston's

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Committee. Both propositions failed to secure a majority. Lord Meston's award was based upon estimates both of revenue and expenditure in the provinces, as in the Government of India, which proved wrong; and the Finance Member, Sir Malcolm Hailey, put to the Assembly the unanswerable argument that if the question were reopened by an impartial enquiry, the contributions of the provinces to his treasury would probably be increased and not reduced. Last year the Government of India remitted in favour of Bengal a sum of sixty-three lacs per annum for three years; and this action undoubtedly prompted the other provinces to lay their claims before the Legislative Assembly. Madras, in particular, has been a serious sufferer under the Meston award, and her annual contribution of 348 lacs to the Central Exchequer deprives her of resources which would otherwise have enabled Madras Ministers in charge of Transferred Subjects to embark upon many urgent reforms in education, sanitation and local self-government. Such a result is, no doubt, regrettable; but the promoters of the Resolution and of the amendment seemed to have forgotten that the true origin of their plight is not so much Lord Meston's award as the universal poverty prevailing in the world after the war.

The end of the Session saw the first constitutional crisis which has arisen since the inauguration of the reformed legislature. On Saturday, September 23, Sir William Vincent, the Home Member of the Governor-General's Executive Council, moved for leave

to introduce a Bill to prevent the dissemination by means of books, newspapers and other documents of matter calculated to bring into hatred or contempt, or to excite disaffection against, Princes or Chiefs of States in India or the Governments or administrations established in such States.

In his address to the Legislature in 1921, Lord Reading had said: "If the Press Act is repealed it may become necessary to consider what form of protection should be given to the

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Ruling Princes in substitution for the protection hitherto afforded them ” ; and in his speech this year Lord Reading pointed out that since the Press Act of 1910 had been repealed his Government had decided that they were “ bound by agreements and in honour ” to afford to the Princes of India the same measure of protection that they had previously enjoyed under the Press Act. Sir William Vincent’s position in moving leave to introduce the Bill was not easy. He and Dr. Sapru, the Law Member of the Executive Council, had signed the unanimous Report of the Select Committee of the Legislative Assembly upon the Bill to repeal the Press Act. That Report declared :—

That before the Press Act became law, it was not found necessary to protect Indian Princes from such attacks, and we note that the Act, so far as the evidence before us shows, has only been used on three occasions for this purpose ; we do not in the circumstances think that we should be justified in recommending on general grounds any enactment in the Penal Code or elsewhere for the purpose of affording such protection in the absence of evidence to prove the practical necessity for such provision of the law.

It will be observed that the Committee used the words “ so far as the evidence before us shows.” The evidence presented to the Committee on this point cannot be said to have been adequate ; and the Political Department of the Government of India must be held responsible for allowing the matter to go almost by default in the proceedings of the Committee. This error was undoubtedly the first step which led to the crisis in September.

Sir William Vincent’s speech on introduction dealt briefly with the necessity for legislation ; and there can be no doubt that he himself justifiably assumed that the Assembly would pass the motion for introduction and take the measure into consideration in the usual manner. Munshi Iswar Saran, Non-Mohammedan member for the cities of the United Provinces, opposed the introduction on the ground that no further material had been placed before the Assembly since the sitting of the Select Committee and that, therefore, a

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case had not been made out for the measure. The Assembly thereupon refused leave to introduce by 45 votes to 41.

The Assembly has since been subjected to harsh criticism for refusing leave to introduce a Government measure ; and its critics have not been slow to point out that it is contrary to British parliamentary usage to reject a measure on introduction. In this respect the position in India differs from that which obtains in the House of Commons. At Westminster a Bill is introduced in "dummy" form and is not printed until it has been introduced. The House of Commons is, therefore, not acquainted with the terms of a Bill until it has been introduced. In the Indian Legislature a Bill—with an accompanying "Statement of Reasons and Objects"—is both printed and published before introduction and its terms are, therefore, or ought to be, well known to the members of both Houses before the motion for leave to introduce is made. Hence, it cannot be said that the rejection of a measure on introduction in India stands on the same footing as similar action in the House of Commons. At the same time, the action of the Assembly was ill-advised ; for, owing to the Standing Order which restricts debate upon introduction to two brief speeches, the House allowed itself no opportunity for reasoned consideration of the measure. Here was committed the second error which made the crisis inevitable. Many members of the Assembly undoubtedly desired to destroy the Bill, but the narrow majority of four by which it was defeated must be taken as an indication that further consideration might have produced a different result. Moreover, it is practically certain that few of those who voted in the majority imagined that the Viceroy would feel bound to use his constitutional power to pass the measure over the heads of the popular House.

On Monday, September 25, Lord Reading sent a message to the Council of State declaring that, whereas the Legislative Assembly had refused leave to introduce the Bill, he, in the exercise of his constitutional powers under Sub-Section (1) of Section 67 (b) of the Government of India Act, certified

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the said Bill to be essential for the interests of British India, and he recommended the Council of State to pass the Bill in the form presented. On Tuesday, Mr. J. P. Thompson, Political Secretary to the Government of India, moved "that the Bill be taken into consideration." He told the Council of State that offenders under the Bill would be liable to punishment by imprisonment or by fine, or by both; that Section 3 would adequately protect legitimate critics of the administration of Indian States against prosecution; and that no prosecution could take place except by the explicit authority of the Governor-General in Council. By this means the protection afforded by the Press Act of 1910, now repealed, would be continued for the Indian Princes.

The first regulation dealing with the matter was passed in 1823 and repealed in 1835. Not till 1891 was any further action taken by the Government of India to afford protection to the Indian States; and the order of 1891 only applied to those cantonments and civil stations which are situated in Indian State territories, but which are actually administered by officials of the Government of India. Munshi Iswar Saran in the Legislative Assembly had made great play with the fact that between 1835 and 1891 no special protection was given and this point was driven further home by several speeches in the Council of State. It was undeniably a strong debating point, but those who used it hardly allowed for the fact that political agitation has enormously developed in India in recent years, and that even if the Government of India for political reasons found it expedient to repeal a special enactment which gave them great powers over the Press, they could hardly refuse to re-enact a special protective measure for the Princes if the latter requested them to do so. The Chamber of Princes had, in fact, made a request of that kind, though several of the most powerful Indian potentates had declared that they could do without it.

Mr. Thompson's speech, delivered with great force, made a profound impression on the Council of State. The only

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effective argument brought forward against the course adopted by Government was the suggestion that if the Princes had survived for fifty-six years during the nineteenth century without special protection, they could not suffer much harm if the passage of the measure were delayed in order to see whether a *modus vivendi* could not be found without resort to the special constitutional powers of the Viceroy. After a full day's debate, however, the Council of State passed the measure in its "recommended" form, and, before this issue of THE ROUND TABLE appears, it will be laid before Parliament.

During the week-end after the rejection of the measure by the Assembly various efforts were made to find a way out of the *impasse*. Informal conferences were held behind the scenes; but as none of the leaders in the Legislative Assembly could undertake that on reconsideration their followers would take a different course, the crisis ended as described above by the exercise of Lord Reading's prerogative. Though the measure itself will now become part of the law of India, we have not heard the last of the controversy which its passage has aroused. The majority of the Assembly have gone to their homes to devise means whereby the matter can be raised again when the Legislature meets in Delhi in January; but it is difficult to see how the Assembly can reopen a question which solely concerns the Governor-General. The Governor-General in Council has here no *locus standi*, and the Assembly can only concern itself with the actions of that collective body. The Governor-General in a matter of this kind acts on his own initiative.

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II. FUTURE PROSPECTS

THE story of the achievements of the Indian Legislature in 1922 may appropriately be brought to an end with a word about the prospect in the immediate future. When Lord Reading opened the Legislature early in September, he warned its members that no friend of the reforms could afford to rest on his laurels.

Quoting the language of the Prime Minister, he said that "a very considerable measure of success" had been won, and that able and distinguished Indians had played their part in the constitutional progress of their country, but "if we are to secure that further progress which we all desire, we must create an atmosphere in which it can develop. . . . Malign influences which mislead the uneducated masses into excesses must be combated. We must see that the objects we are striving to achieve are understood and make an appeal to the intelligence of the masses and command their sympathy. . . . Defensive tactics alone will not suffice. We must lead and guide, upwards and onwards. . . . Another year has passed and a new election is in sight, and I make my earnest appeal to you in the interests of India so dear to your hearts to lend your influence and authority to secure for her in the fullest degree the great place that awaits her within the Empire."

Even before these words were spoken, the movement to prepare for the general election of 1923 was on foot. Political clubs in various parts of the country were anxiously considering new developments of policy; and, most significant of all, among the Non-co-operators a strong current was flowing in favour of new tactics. Having refused to enter any of the reformed legislatures at the general election of 1920, they committed themselves to a period of barren agitation. Passive resistance has proved impotent, and Mr. Gandhi's programme has utterly failed on its practical side. Disappointment has thus driven some of the most powerful sections of Non-co-operation to

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reconsider the whole position. Naturally during the house-cleaning process the movement has fallen somewhat into disarray, and the leaders have been driven time after time to devise means for postponing any irrevocable decision and have used the customary instrument for gaining time—namely, a Committee of enquiry. This Committee, no less than forty strong, has been touring round India for three months, ostensibly to discover whether the country as a whole, or any province or district in particular, is ready for the practice of the “Mass Civil Disobedience.” Everyone knows that they were engaged in doing nothing of the kind, and that they will emerge into the light of any day once more with some face-saving formula by which Non-co-operators may still remain “patriots” even if they enter the legislatures and thus make contact with the “Satanic Government.” It has been growing plainer every month since Mr. Gandhi was arrested that when the general election of 1923 provides the opportunity, Bengal and Bombay will practically forsake Non-co-operation in order to enter the Councils and use the manifold opportunities which they provide. In this matter the Punjab is a doubtful starter, while Madras and the United Provinces will probably hold aloof for the most part.

Recent events in Burma may have some effect in hastening decisions in India. In July, 1921, the Secretary of State decided to extend the Government of India Act to Burma, and the Government of India sent a Committee under the chairmanship of Sir Frederick Whyte to fill in the details of the franchise, the constitution of the Legislative Council, and the division of subjects between Ministers and Members of the new Governor's Executive Council. The Burmese nationalists, organised under a body known as the General Council of Burmese Associations, boycotted the Committee, which, however, transmitted its Report to the Government of India before Christmas in that year, and the necessary rules were passed by Parliament in June, 1922. The Burmese Non-co-operators, who call themselves “Non-

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participants," in order to display their independence of Indian influences, immediately split on the issue thus presented. Their power in the country had been seriously weakened by the failure of their attempt to boycott the visit of the Prince of Wales, which, it may be said in parenthesis, was an unalloyed success, and after a prolonged struggle the constitutionalists in the movement captured the organisation and are now preparing the electoral campaign of their candidates for the new Legislative Council. It is still too early to say that the victory of common sense in Burma has been won, but a successful advance has been made which cannot fail to have some effect in India itself. The truth is that the Indian Legislature and the Provincial Legislative Councils have proved themselves more powerful and, to some extent, more representative than any Indian nationalist was ready to believe when they were set up; and those who entered them two years ago find themselves in a fairly strong position to meet the attack of the Non-co-operators. The attack itself has almost spent its force, and the general election of 1923 will probably witness a re-orientation of political forces.

During the past six months the constitutional parties in the country have taken counsel together and are about to launch a new campaign. The movement began in Madras, largely under the inspiration of Mrs. Annie Besant, and reached its first definite stage during the September session of the Indian Legislature when a series of conferences were held for the purpose of defining a programme for the coming election. Before the Legislature adjourned a preliminary statement of the objects of the movement was drawn up and an invitation signed by many members of both Chambers was issued to all organised political bodies in India to send representatives to a constitutional convention which will meet in Delhi early in 1923. The programme comprises a scheme of constitutional advance and a general policy of political and social reform. The Convention will be invited to examine the actual operation of dyarchy in the

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Provincial Governments and to formulate amendments to the existing constitution in order to give the Provinces something like full responsible government within their own spheres. The Convention will then proceed to the consideration of definite changes in the relations between the Indian Legislature and the Government of India. Foreign Affairs and the Army will still be left under the control of the Government of India, but with these exceptions the promoters of the Convention hope that means will be devised to bring all the civil departments more directly under the control of the Legislature than they are at present.

It is easy to see how these proposals originated. When the constitutionalists came face to face with the problem of a political programme for the election of 1923, they immediately realised that a platform composed solely of a measure of social and industrial reform, such as political parties adopt in England, would not suffice. Until the Indian constitution has reached a more or less permanent form, the first interest of the Indian politician will always be when and how the next constitutional step will be taken, and whither it will lead him. Moreover, in view of the fact that the opponents of those now sitting in the Legislatures will concentrate their attack upon the supposed failure of the present constitution, the defenders of the position will be driven not only to say that they have used their existing powers to the full, but also to propound their own plan for an immediate further advance. So much, therefore, may be said in explanation of the motives behind the forthcoming Convention.

A very different question arises when we come to consider whether the time chosen is opportune, or the proposals themselves wise. The Indian Legislatures, both Central and Provincial, are entitled to claim that they have substantial achievements to their credit; and when they go before their electors in the autumn of 1923 they will, no doubt, make the most of them. The Indian Legislature

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itself has established a good tradition, and has won encomiums from qualified judges. But they have not used to the full the powers which they possess, nor have they employed them in such a way as to make one position secure before advancing to the capture of the next. This is partly due to ineffective party organisation and partly to the lack of good leadership. In the Legislative Assembly, for instance, the Democratic party does not yet possess an acknowledged leader, though Mr. Rangachariar, one of the ablest of an able group of Madras members, has almost succeeded in winning it for himself by his display of parliamentary ability. Until Indian parties gain greater cohesion and discipline their effectiveness will remain in striking disproportion to their numerical strength. It is, therefore, somewhat premature for them to put forward a demand for further constitutional powers until they have further developed those qualities, both parliamentary and political, which would enable them effectively to use the powers which they possess. It has been pointed out before that a really politically minded Chamber, equipped by statute with the powers which the Legislative Assembly holds, would in the course of a few short years be able to claim almost complete control over the executive Government. The germ of this claim lies in the womb of the Legislative Assembly's present powers, but it has failed of its proper growth for lack of nourishment. This is mainly due to the fact that the average member of the Assembly is apt to think more of the restrictions imposed by the Imperial statute than of the opportunities which the Act offers to him. And when he reads the Prime Minister's speech, he tends to forget his new status as a responsible politician, and falls back into his old agitator's mood.

Now a country in the stage of constitutional adolescence is apt to be a country where agitation obscures statecraft. The India of 1922 has not yet crossed the threshold which separates those two states of mind; and comfortable

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observers at a distance will not understand the Indian problem unless they realise the inevitable instability which arises from this state of affairs.

Granting the necessity for a comprehensive programme in view of the coming election, we feel bound to utter a warning to the promoters of the Delhi Convention. The Government of India Act has been in full operation for two years—a period too short to reveal either its defects or its qualities. Admittedly the constitution enshrined in it is defective because transitional; but it constitutes so great an advance upon the conditions prevailing in India before, that it is only reasonable to ask those engaged in working it, both official and non-official, to carry their operations a considerable stage further before committing themselves definitely to any specific amendment of its terms. Constitutional sovereignty has hitherto rested in the Imperial Parliament; but the passage of the Government of India Act opened a new era in the relations between India and Great Britain, at the end of which virtual sovereignty will be transferred to India. At any given moment it will no doubt be easy for the jurist, though impossible for the practical statesman, to say exactly where the dividing line in this dual sovereignty is to be drawn. A situation of great delicacy is thus created, and it must be the first duty of statesmen, both in London and in Delhi, to operate the curious, delicate, and promising mechanism of Indian government with skill and tact. At almost any cost a collision between the Imperial Parliament and the Indian Legislature must be avoided. This necessity imposes a duty of self-restraint upon both parties. Indians were glad to observe that in a recent incident the Speaker of the House of Commons laid the foundations of a sound tradition when he reminded a member of Parliament that India possessed new constitutional rights which the House of Commons was bound to respect. On the other hand, the promoters of the Delhi Conference will be aware that any precipitate demand for new reforms is not

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likely to receive a favourable answer in England, and that, therefore, they should proceed with all due deliberation before they attempt to present any scheme of their own devising either to the Government or the people of Great Britain.

India. October, 1922.

CANADA

I. THE IMMIGRATION PROBLEM *

DURING the whole eighteenth century the total movement of population from Europe to the New World was less than that which took place in a single year at the end of the nineteenth century. In the opening years of the twentieth century this movement swelled into a flood, the like of which the world had never seen before. To this ceaseless flow the population of Great Britain, guided by tradition and desire, contributed in particular to those new countries which were under the British flag. Then came the war : and with it not merely the sudden arrest of emigration, but a new thing not seen hitherto, the reflux of the British tide accompanied by, and identified with, the flower of Dominion manhood. This study is an attempt to view the problem which the Old Country calls emigration through the spectacles of a country to which it is a problem of immigration, as a part of the question of overseas settlement within the Commonwealth.

It is possible to argue that just as in nineteenth century England the change in the balance of population between the agricultural south and the industrial north adjusted itself without aid from, or regulation by, the State (save for a few sordid experiments by Poor Law authorities), so now in the British Commonwealth of the twentieth century the transfer should be allowed to take its own

* This section has been contributed by an English student of affairs who has for the past year been examining conditions on the spot.

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course, and that the new countries should offer an open door to all but paupers, criminals and diseased, while the Old Country should rely on its ancient policy of free trade and maritime expansion to produce a surplus of exportable capital and to keep down the costs of ocean transit. But this argument overlooks the fact that the movement within the Commonwealth is part of a greater movement from Europe as a whole to the new world as a whole. Consider the position of Canada. She is within the Commonwealth, and at the same time the intimate neighbour of the United States, with which she shares the transatlantic flow. Now in American experience two broad facts stand out : (1) Whereas in 1882, 87 per cent. of immigrants came from the countries of North-western Europe, including Germany, in 1907, only 15 years later, no less than 81 per cent. came from the countries of South-eastern Europe including Austria. (2) Whereas the old type moved readily West and on to the land, the new type stays in the cities near the ports of landing and the great inland terminals. To meet this strain on racial composition and economic health, as felt in the slums of the foreign quarters, the United States has steadily stiffened its entrance tests, arriving finally at a harsh policy of rationing newcomers according to nationality. It follows that even if Canada were bold enough to essay a policy of *laissez-aller* she could not gather its natural economic fruit : for she would get not only her normal share, but also that further share which would be deflected to her by the restrictive policy of the United States ; and this share would be of that type, economically and racially, which Canada finds hardest to digest. Canada, therefore, must have a *positive* immigration policy, and turn to account the asset which she has and the United States has not, her membership in a Commonwealth of free nations, one part of which has men to spare—*magna virum mater*.

Financially the self-governing Dominions are independent nations. If a newcomer cannot support himself and his

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family, they must either support him or deport him ; and in most communities in the new world as well as in the old, the local or central authority now makes special provision, over and above the normal machinery of charitable relief, for the contingency of industrial unemployment. From the Dominion standpoint the problem immediately raised by the flow of immigration is its bearing on national employment. The Dominions need a greater population, but it is not true that they can readily absorb into their economic system large bodies of industrial workers accustomed to general labour or skilled crafts. It is not even true that a new country has always an unsatisfied demand for hired labour in agriculture. The demand is conditioned by the prosperity of the agricultural industry. No doubt an able-bodied man is fairly certain of a job during the harvest rush, but in self-defence he must seek the shelter of the town if further work fails in the country. Unlike the England of the old Poor Law, the results of agricultural depression are hidden in the surplus labour pool of the Canadian cities.

But, it may be said, there is plenty of vacant land. If a man cannot find an employer, let him employ himself. To this the simple reply is that, in the present state of Canadian agricultural development, the man who takes up a distant homestead because he has nothing but his labour imposes a grave handicap on his future prospects as an independent farmer. However hard it may be for him to accumulate capital out of savings from wages, he is rarely wrong in regarding this as an indispensable preliminary to setting up for himself. And when he has accumulated some capital he will generally find that it pays him better to spend a portion of it in buying vacant private land. A free homestead in a suitable location is sadly hard to come by.

Canada, therefore, wants not labour *per se*, but men with sufficient capital to take up land after a suitable period of training in their new environment. The only permanently

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unsatisfied labour demand in the Dominion is for female domestic service—the one occupation which in the Old Country also is never over-full. The reasons are plain. Higher standards of personal comfort intensify the demand. Education, the spirit of independence, and the wider range of alternative employments, contract the supply. These operate with even greater force in a new country where the relative excess of men makes marriage more likely. As the supervisor of a colony of soldier settlers in Saskatchewan said to the writer—"What our boys need is mixed farming and wives." But, apart from the exceptional case of domestic service, Canada's demand is not a void crying to be filled with the Old Country's industrial surplus. It is a demand which is strictly conditioned by the state of her industries, by the equipment, material and moral, of the men who come out to her, and by the arrangements which she and the Old Country between them are able to make for their training and placement. But if there is not the certainty of work, there is also not the feeling of all but certainty that it is impossible to get work. Canada is a land of many possibilities and few doles.

It is fashionable, especially with owners of real estate and eastern politicians, to speak of the prairies as crying for more men. This cry, however, is heard less stridently on the prairies. The western farmer wants other things more intensely, and it is for these he calls—lower transport rates, the removal of the cattle embargo, lower duties on agricultural produce going to the States and on manufactures coming from the States, lower interest charges by the Loan Companies and the Banks, and in a vague way more considerate treatment by the East. If you speak of more men, he agrees: but his vision is at once of large towns on the prairies to which he can sell his products without smarting under the loss of value incurred in shipment to a distant market. And can anyone doubt that, if rich oil wells were struck in Alberta or if the capital and technique were forthcoming to develop a pottery industry from the clays

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of Saskatchewan, the consequent increase in industrial population would react with instant favour on the rural population? Farming would pay better, agriculture would become more intensive, and the number of agriculturists be certainly increased. And yet, granted that the prairies need mineral and industrial development, it does not follow that the immigration policy of the Dominion should be employed to force this development. All that can be demanded is that the doors shall not be clumsily barred to the industrial talent of the Old Country. The plan now followed by the Employment Service at Ottawa, whereby it notifies the Ministry of Labour in London of vacancies for skilled workers which cannot be filled in Canada, is conceived on wise lines. It spares the artisan the initial spell of unemployment which in the United States would appear to be almost inevitable, if the law against contract labour is literally enforced. It might be developed into a larger service under which travelling expenses are advanced to workers proceeding to definite employment in the Dominion, as they are already to workers passing from one part of Great Britain to another. The two obvious difficulties are time and distance. Negotiation through an authority 3,000 miles away for a workman 6,000 miles away is a slow and unfamiliar method of hiring labour. More immediate results seem to be obtainable on other lines. One is the opening of branch establishments by English houses in touch with the English labour market; another is liaison between the technical schools of the Old Country and employers in the New. Employers whose business is young will engage lads with technical ability, whom they can later specialise to their own methods, more readily than adults with fixed habits, who demand at the outset their standard wage.

The present attitude of the Canadian Government, that the only kind of male immigration which it is prepared to stimulate is agricultural labour, is intelligible. It is, therefore, on this as a practical problem that attention must be

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focussed. Now the success of the newcomer in agriculture is conditioned by two things: the possibilities of the district in which he settles, and the reception he gets from those already settled there. As to the first, between 1917 and 1921 the southern parts of Western Canada, the region of the so-called dry belt, suffered seriously from drought, and from 1920 down to the present day the whole of the farming community has been faced with a violent readjustment of values, the price of staple products being now at pre-war level with costs still much above that level. This year the harvest is good, and, though prices are down, the worst part of the readjustment has been passed. Furthermore the growth of co-operative marketing, and the fact that from Ontario to the Rockies the farmers are in power in provincial politics, promise that everything which marketing skill and political representation can do for the farming community will be done. It is therefore likely that the economic deterrent to further land settlement, which undoubtedly is partly responsible for the slackening of immigration since the war, will progressively diminish. For it cannot be too strongly emphasised that the profitability of agriculture and the further settlement of the prairies go hand in hand.

The second condition of success is a favourable reception. If you ask an old countryman on the prairies "What brought you out?" he replies, in three cases out of four, "There was nothing doing at home, so I came out to my brother," or cousin, or son, or friend. Some, of course, came out at a venture, but having made good they brought others after them. The best emigration agent is the man who goes home for a holiday to his birthplace and tells the folk all about it. That Winnipeg is only ten days' journey from Liverpool or Glasgow is an asset in Canada's favour, in comparison with the other self-governing Dominions. The English settler prizes very highly a friendly start, just as nothing discourages him more than the opinion that he is not wanted. The State Governments of Australia, appreciat-

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ing the strength of the ties of family and friendship, have adopted, with the keen approval of Australians, a system of nominated passages, the grant of passages at reduced rates to relations or friends of persons already settled.

The chance of a friendly start is one argument against an Imperial policy of block settlement in new areas, where friends are by hypothesis absent. But there is a weightier. On arrival the newcomer has to unlearn some old things as well as to learn many new things; he needs to be mixed with the native product. The ideal would be that no distinction should be made between the different parts of the English-speaking flow from the East, whether the East means Ontario or the land back of Ontario which is called England. It is not as though an uninhabited country were being for the first time peopled. The prairies are already peopled on an "extensive" scale: it is the task of the next generation to people them on an "intensive" scale. The land immediately awaiting occupation is the 20 million or so acres of vacant land which is within 20 miles of a railway. This land is privately owned and intermingled with land already under cultivation. The prairie population is heterogeneous; and, as Canadians, all of them have their rights. Does it therefore follow that any proposal for Dominion aid to settlers from the Old Country should be extended to the kindred of the various foreign-born nationalities already settled in Canada? The best line of approach to this delicate question is to try and agree upon what constitutes the ultimate advantage of Canada. The problem is seen in its harshest form in British Columbia. The Oriental population there is felt to be a menace. Every white man laments their admission, yet no one seriously proposes to expel them by force. They have no political rights and their every upward step on the economic ladder is bitterly resented. If it is said against them that they will never make good Canadians, they reply that they are not given the chance. The only escape from this *impasse* seems to be the rigid restriction of further immigration and

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the gradual admission of those already settled in Canada to full citizenship. If their numbers be confined to their own natural increase while those of the white population are reinforced from without, there is a possibility that they will react to Canadian economic standards without swamping the white population in the meantime.

On the prairies there is no colour problem. Education and intermarriage in the second or third generation will remove the barrier which makes the Oriental question all but insoluble. But temporarily a race problem exists. There is a definite gap in outlook and status between native born Canadians, British, Americans, and Scandinavians, on the one hand, and settlers from Galicia, the Ukraine, and the countries of Southern Europe on the other. This feeling is strongest in districts where the latter are numerically most preponderant. Assimilation is a simple word for a very difficult process; and, in the writer's opinion, the further introduction of such settlers in any numbers would retard the advancement of those already in Canada, many of whom came at the invitation of the Canadian Government. Further, it might be attended by two sinister developments: a new orientation of provincial politics on racial lines—English-speaking farmers versus settlers of foreign stock; and the growth of an economic helotry, in which those of foreign stock would cluster in the cheaper quarters of the prairie towns without any serious share in commercial and social life, or, as farmers, would content themselves with a lower standard of life than that set by the British population. It is in the sense of wanting men of their own race and their own standards that the people of weight in Western Canada earnestly want more men. The cry of more population at all costs—British if they will come, foreign if they will not—is a hollow one. For out of the foreign settlements already planted on the prairies there will come a great natural increase from within, provided only that agriculture pays. But if agriculture pays, a further supply will surely offer itself from the Old

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Country ; and therefore the question to be faced is : will this supply, which admittedly is desirable on racial and political grounds, be of a kind which will make good economically ? In other words, what prospects are there of a steady supply of potential agriculturists from Great Britain ?

If the only candidates worth considering are the existing farmers and agricultural labourers of Great Britain (and their families), the prospects are thin. The supply is too limited. But why should the field be thus narrowed ? Atmosphere and experience count for much, but it is no more true that none but sons of farmers succeed at farming, than that none but sons of lawyers succeed as lawyers. As the Ontario Unemployment Commission in 1916 well says :—

The number of farmers and agricultural labourers in the United Kingdom is not excessive, but it should be feasible to utilise other elements in the population in the development of our natural resources. In the opinion of many who have studied the situation at first hand, it will be found practicable to train dwellers in British cities, towns, and villages, for successful careers on the land.

When the Royal Commission on the Natural Resources of the Dominions was sitting in Australia in 1913, a number of witnesses testified to the same effect. They made statements such as this :—

My experience is that the town lad will learn his work quicker than the country lad will, if he wants to go on the land. He is smarter. . . . Practically all the lads that come to us are from the cities. . . . In Lancashire I met an enormous number of young fellows who could drive a horse or a couple of horses, and who were a bit handy and had a bit of go in them.

This summer the writer took notes from several hundred farmers, asking them the questions, "Where did you come from ? What were you brought up to ?" The replies frequently included the cases of friends, as well as their

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own; and in the sum two things became abundantly clear :—

1. It is a mere north-country prejudice to suppose that the good farmers come only from north of the Tweed, or north of the Trent (as the prejudice may be). The writer's list in the end comprised names from every county of England save the little county of Rutland. In two districts of Saskatchewan there were a number of Berkshire folk; in the fruit-growing districts of British Columbia (as might have been expected), Kent and Sussex were strongly represented; while away out in Nanaimo, on Vancouver Island, the most enterprising market gardener of the district started life as gardener to Sir Robert Peel, at Tamworth, Warwickshire. If you know your England, as only those know it who tramp its roads and fields, you can live it all again on the prairies—Keswick and the English Lakes, the Sussex Downs, the smoke and football matches of Lancashire, and the eternal fascination of the streets of London. You have climbed the hills that stood over against their old home, halted at their public-house, cheered the same football team. Out come their pictures and keepsakes; and after half an hour's chat you leave their shack, happy yourself and having made others happy too. These, and not preferential tariffs or all-red cable routes are in the final analysis the supreme ties of the Commonwealth.

2. It is equally false to suppose that the successful farmer must be farmer-born. On one side of Lloydminster lives the owner of Wee Donald, the international Clydesdale champion; and he was a dairyman outside Manchester. On the other side lives an owner of pure-bred dairy stock, the pioneer of the "accredited herd" system in this district; he started life as an engineer in London. Take a group of the best farmers in North Battleford—a Scottish family who have farmed all their lives, a Yorkshire shoemaker, a London busman and a farmer, now retired, who was formerly in commerce in the

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States. Another recently arrived group—by no means typical, because they are trying the hazardous experiment of a community farm—comprised an assistant manager of an old country “co-op,” a miner from the north of England, and an electrician from the south. Of course there are some failures, but the frequently expressed opinion that Englishmen will not stay at farming seems to be based on this—that the farmer’s life is strenuous and his profits are meagre by comparison with the earnings of able men in commerce or the professions. Very often the English-born, like the Canadian-born, move on after a time to more lucrative work. But the wearers of sheepskins from Central Europe are content to stay on the land.

One last question remains. What are the best means by which potential farmers, some born to agriculture but the majority comparatively new to it, can be introduced into Canada from the Old Country? For a man with a family who already has some farming experience and, after defraying the cost of travel, a minimum capital of \$2,500 (say £550), the Canadian Pacific Railway offers a successful medium of settlement. It commands high confidence in the Old Country; and it retains it in Canada. It is at once a steamship company, a railway company, and a landowner. At its London office it gives prospective settlers reliable information concerning the equipment required and the class of land available. It brings out settlers as a party, looks after them at the port of landing, at the immigration hall in Winnipeg, and at the town or village of final destination. It does not force the settler on to Canadian Pacific land, but endeavours to guide him into making a wise decision, unembarrassed by the solicitations of sellers of real estate. If he finally selects C.P. land, it sells to him on easy terms: 10 per cent. down, with interest at 6 per cent.; for the first three years, interest only; and thereafter instalments covering interest and principal. The company does not give away its land. In a settled district, such as Lloydminster has now become,

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it would be hard to meet with unimproved land conveniently situated and reasonably free from sloughs at less than \$20 per acre; and broken land, adjoining a main road, would be close on \$10 an acre more. No doubt more settlers could come from England if the company halved its prices, but such a policy, in addition to being contrary to its financial interests, would lower the value of land bought by earlier settlers, embarrass loan companies who had advanced money on the basis of competitive values, and invite a General Post in the locality (for it would be difficult to confine the land bargains to overseas settlers). Its policy is, therefore, to sell on easy terms and to devote a considerable portion of its resources to capital improvements, to the irrigation of areas in the dry belt, for example.

The C.P.R., for all its wealth, is only a private corporation, and as a landowner caters for a limited class. As a railway it is interested primarily in the increase in traffic that is likely to result from settlement. The Canadian National Railways have a similar interest; and, as they are at the present time overbuilt relatively to the traffic available, the taxpayers of Canada hope to reduce the heavy deficits by building up settlement along the system. But it would be preposterous for the Dominion Government to make its immigration policy subservient to the extraction of the national railways from the financial hole into which the optimism of the country has plunged them. The Dominion and Provincial Governments must put before every other consideration the successful establishment of newly arrived settlers. It has been said with some justice that the authorities in the past have spent too much time and money in getting settlers into the country, and too little in assisting them to establish themselves in the right way on the right kind of land. Their efforts must take account of the fact that the normal settler of the future either will not, because he has not the capital, or should not, because he has not the experience, set up on his own account at once. Again and again from every

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serious person on the prairies the advice is heard, "Do not buy outright. Get your experience by working for some one else first. Get to know your district before you buy." Few put this preliminary experience at less than two years. What, therefore, is wanted inside Canada itself, is an organisation for the training, placement, and temporary supervision, of young and normally unmarried settlers. If an organisation exists which already renders these services for native-born Canadians, it would not only be an economy to use it for the settlement of newcomers, but it would also have the supreme advantage of treating the newcomers from the outset in the same way as the Canadian whose fellow-citizen he is to be. And such organisations do exist which between them cover all the ground required.

The educational institutions cover part of the ground. Canada, as it needs but a superficial acquaintance to realise, believes passionately in education. The West has a magnificent chain of universities with agricultural departments, of agricultural colleges, and of Dominion experimental farms. These ought, the writer submits, to be made the jumping-off point for a selected number of British lads each year. In liaison with these, committees should be set up to arrange that young men should come out early in the year and get their first experience on farms in touch with and recommended by the agricultural institutions of the district. During the first winter, when the pinch comes, those lads who have some funds should be assisted to take a course of instruction at the institution ; and in the case of every lad the committee should use its utmost effort, by judicious selection of his summer employer at the outset and in other ways, to see that a willing boy does not lack for food and shelter. This is not molly-coddling. It is a means of eliminating that uncertain scramble on a strange labour market which does in fact deter the type of respectable lad most needed by Canada.

The Soldier Settlement Board covers the rest of the ground. The superb work done by this Board since the end

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of the war is not sufficiently known, even in Canada. Financially it has cost the Dominion much, and those who complain that Canada is backward in supporting new schemes of overseas settlement forget that the resettlement of her soldiers, thousands of whom were recent arrivals at the outbreak of war, was her first duty. But, though costly, it is the antithesis of a charity organisation. By good buying, judicious location, and an insistence on the settlers standing on their own legs as soon as, and as much as, they can, it has steered 27,000 soldiers through the most difficult period which seasoned Canadian farmers have ever experienced. The keystone of its policy is personal service. The superintendents at general and district headquarters have known how to create a staff of field men who are inspired by this spirit. These field men—the “supervisors”—know their settlers intimately and are trusted and welcomed by all but a few misfits. They are able to give advice in a way that is not resented, and there are few old soldiers who can “put it across them.”

New applications from ex-service men will, from the nature of the case, come to an end in a short time. On the other hand, the organisation of the Board must be kept intact until a substantial part of the outstanding loans, amounting to nearly one hundred million dollars, have been repaid. It would, therefore, seem to be a definite economy to use the well tried machinery of the Board as part of the permanent system of overseas settlement. One thing, which to some will seem a sad defect, is to the writer its greatest recommendation. It will not work wonders. It will not establish 50,000 families on the prairies at a dollar a head. It will cost as much money as it has cost to re-establish the soldiers, except in so far as the Imperial Government contributes part of the cost, and the settler himself or his family makes greater contributions than the soldiers made. But better a thousand who nearly all succeed, than ten thousand of whom many fail. For this thousand will draw thousands after them and set in motion, now in this district, now in

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that, the most desirable and economical of all forms of overseas settlement, the passage of friend to friend.

II. THE AGRARIAN MOVEMENT

THE third party movement which came to active life in 1919 has in its brief existence effectually disturbed the alternating monopoly of office enjoyed by the two historic parties, through its capture of three provincial administrations in Ontario, Manitoba and Alberta, and its control of more than one-fourth of the membership of the Federal House. The latest triumph was won in July in Manitoba where in a very confused election the farmers secured 28 out of 55 seats and installed a Ministry whose stability is assured by the hopelessly divergent character of the four opposition groups. The comparative helplessness of the Agrarians east of the Ottawa river has been a serious handicap, but a recent Federal election in St. John's-Iberville in which the official Liberal candidate, a local lawyer, was opposed and beaten by a farmer, who, though standing as a Liberal, preached doctrines of agrarian class consciousness, demonstrated that the political *cordon sanitaire* which the Liberal politicians of Quebec had maintained against the plague of agrarianism was on the verge of breaking down. Obviously if the Quebec *habitant* could be brought to share the viewpoint of the rural areas of Ontario and the West a national majority for the new movement became a possibility.

But just as its fortunes seemed to be steadily rising, there has developed at its core a dangerous infirmity which threatens its whole future. For the past year the existence within the movement of two sharply defined schools of thought has been obvious. One school, headed by Mr. T. A. Crerar, the federal leader, and Mr. E. C. Drury, the Premier of Ontario, believes that the intellectual resources of the farming population are not of themselves adequate

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for the sustenance of an efficient political party, and can only foresee for their organisation the sterility of perpetual opposition. Their preference would be to enlist the organised farmers, Labour, the veterans' associations, and progressive deserters from the old parties, in a new nationwide party which would do the things left undone by the old Liberal party and move at a more radical pace. The net result would be a sanctified and energised Liberal party bearing the label "Progressive." If this is impossible then they would link their fortunes with the existing Liberal party on the principle on which women sometimes marry men, to secure a better opportunity of reforming it. The other school, which enjoys the powerful advocacy of Mr. H. W. Wood, President of the United Farmers of Alberta, and Mr. J. J. Morrison, Secretary of the United Farmers of Ontario, derides the creation of a third national party as futile, and argues that its heterogeneous character, condemning it to continual compromise, would deprive it of character and purpose and, having reduced it to an attitude of helpless negation, would leave it an easy prey to time-honoured forces of corruption. They hold that the bi-party system has exhausted itself and is not worth reviving, that horizontal organisation and territorial representation in Parliament have failed to produce wise government, and that a trial should now be given to vertical organisation and group representation. As a corollary to their project of occupational politics and group government they require the immediate introduction of proportional representation, and propose a new structure of government which would obliterate such an institution as an official Opposition and produce a Cabinet drawn from all groups in Parliament.

In July the Premier of Ontario suddenly brought this important issue to a head in public speeches where he explained that he favoured for the movement a "broadening-out" policy which would bring urban and rural voters of progressive inclinations into a single party and give that

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party a national scope. While his ally, Mr. Crerar, has not so publicly defined his stand, his course in Parliament last session lent colour to the view that he sympathises completely. Ever since the election, his political trumpet has had an uncertain sound ; at intervals he has brandished a visionary sword at the Government, but more frequently he has brought it most timely succour.

Mr. Drury's speeches at once provoked keen discussion in the Press and in the farmers' clubs. From the latter there came overwhelming evidence of a determination to oppose any change which might impair the unsullied agrarianism of the organisation ; on the other hand there was no epidemic of births of Progressive associations in the towns and cities. The farmers of Russell County in Ontario flatly refused to accept the suggestion that they should not oppose a Liberal at a provincial by-election, and speakers at their convention bluntly warned Mr. Drury and Mr. Crerar that they had no authority to plan a rapprochement with the Liberals. The sum of the evidence accordingly is that the great mass of the farmers think it wise to retain the present character of their organisation rather than risk its future by forming new ties. Mr. Morrison and his friends hold that a compact group of farmer members, holding the balance of power in legislative bodies, would be just as effective in securing reforms desired by the farming communities as a contingent of rural members elected to support a Government which could not hold power without urban representatives, and must therefore distribute its favours between town and country. Others fear that a new political party formed by the "broadening-out" process with the agrarian bodies as a basis would wreck the promising economic organisations which are being built up.

Both Mr. Drury and Mr. Crerar seem by their course to have gravely compromised themselves with their followers. For the former, the result is more serious because he has to face his electorate in the near future, and if Mr. Morrison

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persuades the United Farmers of Ontario organisations to withdraw their support from him, his career as Premier will end, and a Conservative Government will probably come to power in Ontario. Apart from his constant flirtations with the Liberals, it is charged against Mr. Crerar that he signally failed last session to use his strategic position to force large instalments of the agrarian programme upon the Government. Not only did he move no single resolution embodying any of its clauses, but he accepted a truncated version of the Wheat Board which no competent person could be induced to administer, and which therefore proved abortive.* The suspicion has been generated in many western minds that the interests of the pseudo-cooperative organisation known as the Grain Growers Company, of which Mr. Crerar remains president, have been steadily placed before the installation of an effective system of centralised marketing for the grain crop. Next session Mr. Crerar's position will become increasingly difficult unless he severs his connection with the trading organisation. In view of the Merchants' Bank débacle, the decennial revision of the Bank Act, which is due in 1923, will be exceedingly controversial; and it is obviously impossible for the president of a company which has frequent dealings with the banks to press strongly for the drastic reforms in the Act demanded by his followers.

Under such circumstances it is not impossible that both Mr. Crerar and Mr. Drury may soon find their way into the Liberal Cabinet. They could offer the excuse that they disbelieved in occupational politics, and, having failed to wean their own followers from their heresies, must migrate to more congenial society. But they would go as generals without an army, and the event might have far-reaching consequences. Obviously they would have to secure from Mr. King such terms as must drive Sir Lomer Gouin and other Liberal high protectionists into Mr. Meighen's arms, and thereby provide the latter with

* See THE ROUND TABLE, No. 48, September, 1922, page 861.

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invaluable reinforcements from Quebec. Mr. Crerar might carry with him a few personal followers and give Mr. King a temporary majority in the Commons, but the ablest of the Progressives would remain as an independent group, and naturally range themselves in opposition to former leaders who had abandoned them. At the next general election the Liberal party would find itself seriously handicapped by the opposition of determined groups of irate Progressives who would either run third candidates or vote Conservative. The party which stands to gain most by a Liberal-Progressive fusion is the Conservative.*

But in the absence of great personalities like Macdonald and Laurier, who dominated the political stage by reason of unique gifts, it will be extremely difficult to restore in Canada the bi-party system in its pristine glory and ferocity. Just as Henry Ford and Graham Bell have given by their inventions a clear hope of permanence to the agrarian organisations, so in the towns and cities a score of agencies like the Rotary and Kiwanis Clubs and the veterans' associations are breaking down the old hard-drawn party lines. In some areas of Canada a fervent partisan is about as difficult to find as Disraeli's Norman baron after the Wars of the Roses. Again, the very presence of the new party at Ottawa has generated independence among members of the old parties and vitalised the whole political atmosphere.

Perhaps its greatest contribution to the betterment of public life has been its successful innovation of a democratic method of financing political campaigns. Last year the supporters of the new party in each constituency raised a local fund by small subscriptions, with the result that their elected representatives went to Ottawa independent in a sense that has not been possible for members of the old parties whose elections had been paid for by campaign

* Since this article was written Mr. Crerar has resigned the leadership of the Progressive party. He stated that he had never sought fusion with the Liberals, only honourable co-operation.

Canada

funds secured from wealthy corporations and individuals. The *Manitoba Free Press* and the *Toronto Globe* both commend this practice to the old parties, and should it become universal, the new movement will have justified its existence, for if voters can be induced to pay for their politics they will have a continuing interest in them. The new movement has also produced indirect results which all third parties manage to achieve in varying degree ; they rewrite in many directions the programmes of the older parties even if they do not supplant them.

III. THE NEAR EAST CRISIS

THE answer of the Canadian Cabinet to the famous appeal for approval and assistance in the Near East issued by the British Government on September 16, read as follows :—

It is the view of the Dominion Government that public opinion in Canada would demand the authorisation of Parliament as the necessary preliminary to the despatching of a contingent to participate in the conflict in the Near East. We would welcome the fullest information possible, in order to decide upon the advisability of summoning Parliament.

This cool and aloof reply was a compromise designed to offend no important section of the Government's supporters. There are two conflicting currents of opinion, between which the Prime Minister steered successfully by postponing the necessity of a decision. One widely diffused sentiment conceives everything in connection with Turkey in terms of rampant heathenism, mutilated Christians, and dripping swords. The *Toronto Globe* urges a new solution of one Anatolian problem by the wholesale transfer of Armenians, "as industrious as the Scot and as shrewd as the Jew," to Canadian soil. This humanitarian feeling is inspired by religious considerations which are, in

The Near East Crisis

fact, irrelevant to the immediate issue. It is counteracted by those who assert, with a firmer grasp of reality, that it is undignified and unworthy of our tender nationhood to help in pulling unpalatable chestnuts out of remote conflagrations which, whatever the rights of the case, have in no way been kindled by Canadians. There is much sympathy for the Armenian and Greek, and also a warm desire to stand by Great Britain in her difficulties ; but there is considerable mistrust of British Near Eastern statesmanship, and a consciousness of surprise and dislike at the particular method adopted for inviting Canadian support.

Mr. King's policy has, therefore, been successful ; but it has only succeeded because the crisis passed rapidly, before the absence of leadership had time to bring disastrous results. His favourite doctrine of entrusting the formation of policy to Parliament rather than undertaking it in the Cabinet would not have been prejudiced if the reply to the British Government had been prefaced by a declaration in general terms of sympathy and solidarity. Mr. Lloyd George by his sudden message strained the machinery for co-operation in foreign politics ; Mr. King by his answer has given no guidance for the future. The Government followed the line of least resistance, and is lucky to discover that for once the counsels of weakness and the counsels of prudence coincided.

Canada. October 24, 1922.

AUSTRALIA

I. FEDERAL BUDGET

IN the first week of September the Federal Treasurer, Mr. S. M. Bruce, submitted his budget for the 12 months to June 30, 1923. Unfortunately there is no room in this issue for details, and the question can only be treated in broad outline. Mr. Bruce explained that the previous year's expenditure had totalled 65 millions, and that he had attempted to reduce it for the current year to 60 millions. He had found this quite impossible, and had to be satisfied with a reduction to 62 millions. He set out the position roughly as follows :—

- £30,000,000 for war obligations—such as interest on war loans, war pensions and the like. This total, he claimed, could not at present be reduced.
- £16,000,000 for interest on ordinary debts, sinking funds, the 25s. *per capita* payment to the States, old age pensions, and the baby bonus. According to his view, the only item which admitted of reduction was the baby bonus—and the Federal Government were already in negotiation with the various States for remedial legislation in this connection.
- £ 4,000,000 on defence—a much reduced expenditure—and one not reasonably susceptible of further reduction.
- £ 7,000,000 Post Office. There was, of course, revenue as against this, but new facilities were being sought in a thousand different directions, meaning new expenditures if granted.
- £ 5,000,000 This item covered a number of services, such as collection of Customs (Customs duties total roughly £30,000,000), collection of Income Tax (£20,000,000), and this was the only section which, according to the Treasurer, allowed room for economy in the ordinary sense. He claimed to be doing all he reasonably could at the moment.

£62,000,000

Federal Budget

He stated that he could not cut below £62,000,000 without grave injustice and the dismissal of numbers of officials. He added that statutory wages had to be paid in a large proportion of cases. His own idea of the appropriate remedy was more people to be brought into the country, increased production, and more shoulders to bear the financial burdens.

The budget aroused a great variety of comment. The Labour party, being in opposition, acted up to tradition by condemning—with more unanimity than convincing argument. Some Nationalists outside the House approved: but the majority felt a sense of disappointment. For the latter the budget evidenced very little genuine reform on the part of the Ministry. The item of reduction of members' salaries—from £1,000 to £800—was a mere drop in the Federal bucket: and it was in itself probably the outcome of something like a clamour in the electorates, following upon a recent reduction of members' salaries in the New South Wales Assembly. It is now proposed to effect certain reductions of taxation* by drawing upon the accumulated surplus—a surplus in itself due to over-heavy taxation in the past. That surplus will not last for ever—or indeed for very long at the present pace. The public had hoped for material reductions in taxation based upon heavy decreases in expenditure. The budget really solves few of our problems. It is regarded by many as a political budget—designed specially for the approaching elections, rather than one based upon genuine developments in the direction of economy.

Many of the Government departments are overmanned;

* The reductions foreshadowed were estimated to total £3,200,000, and included items such as:—

Income tax 10 per cent. reduction	£1,300,000
Income tax exemption raised to £200	600,000
Abolition of war surcharge 20 per cent. upon land tax	400,000
Reduced flat rate (companies) 2s. 8d. to 2s. 5d. ..	200,000
Certain reduced customs duties and increased bounties (galvanised iron, wire netting, etc.)	600,000

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but, if the issue were directly put to the electorates, probably few voters would support a proposal for immediate and wholesale dismissals. On the other hand, the public would have appreciated some more definite assurance that reasonable and gradual reductions of the overmanned services were being steadily made: and, more important still, that Federal administration should be capable. Monies have been wasted in the most shocking way over the building of soldiers' homes and over repatriation generally, while a strong impression widely prevails that few of the Government departments are run on really sound business lines.

II. FEDERAL ELECTIONS

THE Federal Elections must be held by April, 1923, at latest. But for the unexpected trouble with Turkey, it was quite on the cards that the Government would have decided upon December this year, and indeed, it may yet do so, but this necessarily turns upon developments at the Dardanelles.

Though an element of uncertainty exists as to the precise date, the elections must be held within the next seven months, and parties are busy getting their machinery in running order for the contest. At such a time interest naturally focuses to some extent upon the Prime Minister, Mr. Hughes. After representing a Sydney (New South Wales) electorate for some years, he has more recently represented Bendigo, a Victorian constituency, and he has just announced his intention of deserting that centre for North Sydney (New South Wales). His own reason is that a recent change of electoral boundaries has prejudiced his chances at Bendigo, at any rate rendering necessary a stiff electioneering campaign, whereas a Nationalist nominee is safe in North Sydney, leaving him free to exercise his campaigning abilities over a wider area. The Prime

Federal Elections

Minister is recklessly courageous in some directions and curiously timorous in others. To many of his critics the flight from Bendigo to North Sydney illustrates the latter quality rather than the former. On the whole, public comment upon the change has not been favourable.

The attitude of the Country party towards Mr. Hughes renders his position as leader of the Government a little insecure. On broad policy they are bound to support the Nationalists, as against the Labour party; but on minor issues they have been of late increasingly ready to show their teeth. They dislike and distrust Mr. Hughes, and on his side he has not of late attempted any conciliatoriness in his attitude towards them—in point of fact quite the reverse. As he can only continue in office, in the present Parliament, on the strength of the combined Nationalist and Country party vote, these unfortunate differences create difficulties the end of which it is not easy to predict. Nor is the Nationalist party solid within itself; for a few members now seem disposed to break away and to follow Mr. Watt as the leader of still another party, possibly a revived Liberal section. In his historic quarrel with Mr. Hughes, Mr. Watt found himself virtually alone in Parliament; but he is a man of too great parliamentary experience and force to remain for any lengthy period a political nullity. Whether he will join the Country party or attempt to form a Liberal section, or an alliance of dissenting Nationalists with the Country party remains to be seen; but in any case these disintegrations and the resulting bitterness within the anti-Labour forces must make for serious weakness at some later stage.

The anti-Labour sections must align on the graver issues of policy, whether they style themselves Nationalists, Country party, or Liberals; but on the floor of the House the growing hostility to Mr. Hughes as leader may at any time seriously embarrass him on any of a hundred minor issues. Nominally, the hostility of the Country party is based upon governmental extravagance in expenditure; but

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actually it seems to an increasing degree to be due to personal distrust of the Prime Minister. Dissatisfaction with Mr. Hughes has especially manifested itself over the sugar agreement, under which the Government buys the whole raw sugar crop of Australia, has it refined by the Colonial Sugar Refining Company, and sells at certain fixed prices. These prices are so high as to enable the Queensland cane grower to pay the exceedingly high wages awarded by the Queensland Arbitration Court, and are therefore quite satisfactory to Queensland. On the other hand, these prices are said to inflict serious hardship upon the jam manufacturers of the southern States. Unfortunately, the accounts are so badly kept by the Federal Government that it is impossible for Parliament to ascertain what this somewhat socialistic venture is really costing the community.

Dissatisfaction with the Government has also expressed itself over their tactless handling of the agreement with the Amalgamated Wireless Company, and still more over their gravely wasteful and inefficient administration in connection with the provision of homes for returned soldiers.

All these considerations would seem to indicate a poor prospect for the Nationalist party in the approaching elections. The Labour party also has its own serious difficulties; and recent elections in other directions—e.g., for the New South Wales Parliament and Sydney Municipality—have clearly indicated a very complete distrust of reckless and irresponsible Labour finance when in power, not to mention their political association with extremists.

Turkey

III. TURKEY

WITH rather less precipitation than the New Zealand Prime Minister, and with rather less caution than the Canadian, Mr. Hughes has pronounced for Australia on this issue.

He received Mr. Lloyd George's cable at 5 p.m. on the night of Sunday, September 17. This message indicated the intention of the British Cabinet to resist either aggression upon the Straits or the driving of the Allies from Constantinople. The latter eventuality was likely to produce very serious consequences for the Empire among the Mohammedan population in India and elsewhere. Would the Australian Government associate itself with the action of the British Cabinet, for instance, by sending a contingent? Any such action on the part of the Dominions would favourably affect the situation, and might be a potent factor in preventing hostilities. Canada, South Africa and New Zealand had been similarly approached.

Mr. Hughes consulted such of his Ministers as he could readily summon; he did not wait to consult Parliament, which was then in session, and he promptly cabled in reply that Australia would associate herself with the British Government in any steps to maintain the neutrality of the Straits. To the House he later explained that the interests of the Empire in Arabia, Egypt, Mesopotamia and India were intimately bound up with the freedom of the Straits. He went on to emphasise Australia's desire to avoid participation in further wars—she was only now beginning to "climb out of the pit" created by the last war—and particularly, Australia would not go to war in support of reckless national ambitions, such as those of Greece. Under these circumstances, he had asked the British Government to supply the fullest information about the precise situation, since Australia deemed herself limited to the preservation of the freedom of the Dardanelles.

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If the Kemalists attacked that freedom or Constantinople, then the Allies must oppose force by force, and Australia would be ready to co-operate when the information he had sought was supplied.

Australia, he stated, would help to defend the Empire, and the peace of the world, but would not go to war "in any filibustering expedition." Australia wanted peace, and he invoked the League of Nations in the present crisis to assist in preserving peace. At the moment there was no need for Australians to rush to arms, "as if we were a nation of swashbucklers"; but in defence of the vital interests of the Empire Australia was ready to fight "with all the forces at her disposal."

The leader of the Country party fully supported the Prime Minister, but the leader of the Labour Opposition, Mr. Charlton, spoke in another vein. His attitude was, broadly, that the Prime Minister had acted with needless precipitation, that he should have consulted Parliament and also taken a referendum of the people, and this only after the fullest information had been put before them. They had not been told why Australia should concern herself with the present trouble. He contended that no troops should leave Australia "without the consent of the people, and, above all, there must be no conscription."

The foregoing is written on September 22, only five days after the Prime Minister received Mr. Lloyd George's cable. In the next few days anything may develop, and tremendous issues will have been determined, for good or evil, long before this reaches the United Kingdom.

The Commonwealth Line of Steamers

IV. THE COMMONWEALTH LINE OF STEAMERS

AUSTRALIAN industry and commerce are very largely conditioned by Australia's geographical position. Her primary products must be sent overseas to find adequate markets, and from overseas must come the imports that pay for these products. Moreover, within the Commonwealth, the population is so scattered along the southern and eastern coasts that coastal shipping becomes the natural means of commercial exchange. Thus from her very early days Australia has had the problem of shipping to solve. During the sailing ship period the prevailing philosophy of free competition, added to the comparatively insignificant cost of vessels, prevented the formation of any monopoly in deep sea transport to Australia. But the advent of the steamship with its constantly evolving specialisation for various trades involved the sinking of much capital and consequently led shipowners to adopt the device of combination for the protection of their interests. Slowly but surely this tendency spread, and with its extension freights and fares began to increase. Arguments, well worn though none the less cogent, were advanced to justify this substitution of combination for competition. The needs of Australia demanded a special service. The length of the voyage, the qualitative differences of inward and outward freights, the need of refrigeration, the alternating periods of slackness and rush, demanded a special and expensive kind of vessel. The existing fleets represented the expenditure of enormous capital sums and indicated the great risks taken to ensure the development of a service fitted to meet Australian requirements and to develop Australian trade. Mergers and rings were not engines of exploitation. They merely represented the natural evolution of shipping towards that type of industrial organisation which secured the maximum

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of efficiency. The Australian people were not, however, completely convinced by these arguments. They felt that some protection in this vital matter of freights was necessary. But until the advent of federation in 1901 no national action was possible. In 1906 and in 1914 a Royal Commission appointed to inquire into the subject recommended the Federal Government to acquire a fleet for overseas trading, suggesting that the service subsidised by the Commonwealth for the carriage of mails should be nationalised. These recommendations were in general accord with the policy of the Labour party, but nothing was actually done by the Governments in power up to 1914. During the federal election which happened immediately after the outbreak of the war, the Labour party promised a nationalised shipping line, but although the party was returned, no steps were taken to further this part of their policy.

Under the stress of war the shipping question became serious. Submarines and the withdrawal of ships from the Australian routes, to act either as transports or as auxiliary cruisers, created an acute shortage of freights which not only threatened the producers of the Commonwealth with disaster, but also menaced the food supplies of the Allies. In 1916 Mr. Hughes, then Prime Minister, went to England and was immediately impressed with the seriousness of the position. Unable to persuade the British Government to divert ships to the Australian trade, he took the bold step of purchasing for the Commonwealth Government a fleet of 15 ships, mostly tramps, of about 7,000 tons each, and now known as the *Australs*, at a total cost of £2,052,000. Characteristically enough, Mr. Hughes did not consult Parliament, nor even the Cabinet, about his intentions. His Treasurer, Mr. Higgs, subsequently admitted that only Senator Pearce, Minister for Defence and Acting Prime Minister, and he himself were consulted, and that he made the necessary funds available for his chief. The reason advanced for this secrecy was that swift action

The Commonwealth Line of Steamers

was imperative, and further that any discussion of the matter would have sent the price of the ships soaring. Mr. Hughes afterwards gleefully asserted that he would not have got the vessels so cheaply but for the fact that two great shipping mergers were in progress and each thought the other was buying. No legislation was passed to indemnify Mr. Hughes in regard to the purchase of this first fleet. The ships were simply paid for out of loan funds. The *coup d'état* was publicly announced in Australia late in June, 1916, and was received with general enthusiasm by the Press and public, although prominent shipping men did not hesitate to predict that the experiment would be a failure.

The return of Mr. Hughes plunged Australia into the conscription controversy of 1916 and 1917, and this diverted public interest from the newly acquired ships. However, the Commonwealth Line was formed, with a head office in London, and the ships began to lift Australian wheat and to pick up return cargoes with such success that profits amounting to £327,335 were earned during the first year's trading. The Government announced that the policy of the line would be to compete with private companies at existing rates of freight and to make money for the Commonwealth. It was a profit-making enterprise, and did not intend to fight a rate war with private owners. "But its primary object was not profits, it was rather to prevent Australia being isolated through the world's shipping disruption brought about by the war."

In the course of years the private companies had been drawing closer together and the London Shipping Conference was formed to prevent competition in freights and fares to and from Australia, and to induce British exporters and shippers to use only the Conference lines by adopting the device of deferred rebates. This consists of a remission of part of the freight, which is paid over by the company to the shipper after a certain defined period, if the company is satisfied that in the meantime the shipper has not sent

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goods by the vessels of any other company. This policy could only be adopted at the British end of the trade, as deferred rebates are illegal in Australia. Mr. Hughes did not hesitate to pillory the London Conference as a monopoly of the worst type, and by the middle of 1917 he was threatening to build more ships in order to fight "the greatest shipping combine on earth." And, in truth, he needed them. What could be done with fifteen old, slow, ocean tramps, without refrigerating space, against the competition of a ring of companies with magnificent modern steamers?

If Mr. Hughes's desire was to fight the Conference by building more ships, then the national necessity marched with his desire. All that Australia had so far done was to divert 15 ships from other routes and bring them to the relief of Australian producers. It was necessary that we should begin to do our part in replacing the tonnage sunk by submarines and join in the vigorous policy of shipbuilding that was being inaugurated all over the Empire. In the main the announcement of this policy received general support. The difficulties in the way of shipbuilding on this scale were very considerable in Australia. The shipyards, the skilled labour and the expert direction available were not adequate for the task. However, in 1918, the Government announced a shipbuilding programme as follows. Forty-eight ships, 24 steel and 24 wooden, were to be built in Australia, six by the Commonwealth, six by New South Wales, two by the Navy, and the rest by private firms. Also orders for fourteen wooden ships were to be placed in the United States of America. The building of the wooden ships was essentially a war measure. They were not intended to form part of the Commonwealth Line. They were built to carry our wheat to the Pacific Coast of America, while America sent the wheat from her middle and eastern States to Great Britain, thus reducing food transport to a minimum. With the signing of the Armistice, wooden vessels became useless.

The Commonwealth Line of Steamers

The Government wisely decided to cut its losses. It cancelled contracts right and left both in Australia and in the United States, sold what wooden vessels it could, paid wholesale compensation, and ended with a total loss to Australia of something over £2,600,000. It is, therefore, hardly fair to make any comment on the wooden ships part of a criticism of the Commonwealth Line. The United States Government found itself in the same difficulty and eventually disposed of its wooden ships even less profitably than Australia did.

In 1917 and 1918 the Federal Government took over 21 ex-enemy vessels, and ran them as part of its line. These ships are still being used, Mr. Hughes having claimed them as part of the war indemnity. It is noteworthy that these vessels have earned much more than any other ships of the Government line, possibly because they were originally intended for the Australian trade and are more suited for it.

Of the steel steamers announced by the Government as ordered in Australia, twelve were built and six were building at the end of 1921. Three more had been ordered and were to be built, and contracts for two were cancelled. Of the completed steamers six were of the D class (5,500 tons), and four of the E class (6,100 tons). Of the steamers building all are of the E class. Two of the three vessels ordered are much larger ships of 12,700 tons. To these must now be added the five "Bay" liners built for the Commonwealth Line in England. As all the world knows, Mr. Hughes went to the Peace Conference in 1919. While there he became alarmed at further rumours of consolidations of the shipping ring, and apparently after consultation with Mr. Larkin, the general manager of the Commonwealth Line, persuaded his Cabinet to order five large steamers of 13,850 tons, with passenger accommodation, refrigerating space, and a speed of 15 knots. In July, 1919, contracts were let for three of them to Vickers's yards, and for the remaining two to Beardmore's yards. Once again Parliament was not taken into the Government's confidence,

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the excuse being that the matter had to be arranged swiftly and secretly lest the Shipping Conference should hear of it and intimidate the English shipping yards into refusing to contract for the ships. One of these liners is expected to be finished by the end of this year, while four of them have been completed and have made their maiden voyages to Australia. These are the ships that attained notoriety this year through the action of the Australian Seamen's Union in refusing to allow the English crew to man them on the return journey and in attempting to enforce its right to select the crew in advance from among its own members. The latter claim was, in the end, successfully resisted.

This completes the actual list of the vessels of the Commonwealth Line. It comprises :—

In commission—

12 Australs (remaining from original purchase in 1916).

17 Ex-enemy ships.

6 D class steamers (5,500 tons).

4 or 6 E class steamers (6,100 tons).

4 Bay liners (13,850 tons).

Building or ordered—

8 or 7 E class (6,100 tons).

2 (12,700 tons) for cargo.

1 Bay liner (13,800 tons).

It is difficult to estimate the venture from a business point of view because very little information is available in the way of intelligible balance sheets. Accounts of the Austral Line, as it is called, have been furnished with the budget papers from year to year, and these show the following profits :—In 1917, £327,335 ; in 1918, £576,164 ; in 1919, £1,160,055 ; in 1920, £137,959. The amount of the profit made in the year ending June, 1921, was stated by Sir Joseph Cook to be £300,000, after allowing 10 per cent. instead of the usual 6 per cent. for depreciation. The ex-Treasurer also complained that both the Commonwealth Bank and the Commonwealth Line were keeping their profits from him. The Bank carries them to reserves, and the line

The Commonwealth Line of Steamers

to depreciations. Whether Sir Joseph Cook's estimate refers to the whole line or only to the Australs is not clear. The nearest approach to a complete statement of the financial position of the whole line was given by the Prime Minister to Parliament in November, 1921. He dealt with the existing financial position of each branch of the line, and then gave an aggregate estimate of the whole position. From this the following figures have been extracted :—

DR.

Original capital cost 11 remaining Australs	£1,621,578
" " " (valuation) 18 ex-enemy ships	909,315
" " " 17 D and E class ships (built and building)	3,176,083
Original capital cost of 5 Bay liners (built and building)	5,000,000
<hr/>	
Total capital cost of fleet built and building	£10,706,976
Add interest not charged on capital	382,000
<hr/>	
	£11,088,976

CR.

Total profits earned by Australs	£2,993,245
" " " sailers (since sold)	41,382
" " " D and E ships	84,588
" " " ex-enemy ships	4,066,266
Brokerage and commissions	181,995
Net gain on sale of 2 Australs and 2 sailers, plus insurance on 2 Australs and 1 sailer lost	74,343
<hr/>	
Net profits to June 30, 1921	£7,441,819

This leaves a net capital of £3,647,157, after devoting all profits to writing down stock. Thus the Commonwealth has its fleet on the one hand, and a liability of over £3,500,000 on the other. This means, according to Mr. Hughes, that the ships stand in to the Commonwealth at £9 5s. a ton deadweight. If, however, the total loss in wooden ships (£2,615,513) be carried by the line, the total net capital would amount to about £6,250,000, and the ships would stand in at £16 2s. 2d. per ton. It is worth

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noticing that the present Federal Treasurer, Mr. Bruce, criticised Mr. Hughes's statement very acutely in the House, especially drawing attention to the age of the Australs and the ex-enemy ships. After valuing and writing off the Australs, ex-enemy ships, and the D and E class at a figure considerably lower than their purchase price, Mr. Bruce reduced the tonnage to 62,500 tons capitalised at £1,375,000. This means that the five big Bay liners, now costing the Government about £80 a ton to build, are held by the Commonwealth at £22 a ton. It is interesting to observe that the Commonwealth Line from its inception has followed the policy of not claiming in any country the immunity from the jurisdiction of the courts commonly accorded to Government-owned vessels. It pays for all services, such as pilotage, including such as are charged for in the form of a rate, but does not pay income tax either in the Commonwealth or the United Kingdom.

If then the line is satisfactory from a financial viewpoint what can be said of its usefulness? Its defenders make several claims for it, the chief being that it has provided further opportunities for direct shipment from all United Kingdom main ports; it has amended outward bills of lading to the advantage of Australian shippers; it has helped to enable Australian producers to get rid of primary products throughout a critical period; it has relieved the congestion of coastal shipping, making phosphates, coal and wheat available in times of scarcity in the various Australian states; it has fostered shipbuilding in Australia; and it has prevented material increases in freights similar to those which have taken place in other trades during and since the war. All these claims probably would be conceded even by its opponents, with the exception of the last one. It is very difficult to express an opinion on this question. On general cargo the Commonwealth Line has charged the same rates of freight as the Conference lines, but what has been the effect of its competition in restraining freights now and during the war is a question, that can only be answered by

The Commonwealth Line of Steamers

the directors of the Conference lines. In the case of wheat the line does appear to have kept freights down. Its charges have never exceeded £7 10s. per ton to London. When this rate was fixed in February 1918, the ruling rate for full cargoes for British vessels was about £11 10s. per ton, and neutrals were refusing £13 15s. Whether the Commonwealth Line has actually restrained the Shipping Conference from becoming burdensome to Australia or not, there can scarcely be any doubt that the majority of the Australian people think it has done so. And towards the end of 1921 this impression was very generally confirmed by the offer of Lord Inchcape to buy out the line on behalf of the Shipping Conference. The offer was quite clear and unequivocal and was forwarded to Mr. Larkin, the general manager, who at once transmitted it to the Prime Minister. "I recognise and admit," the offer ran, "that the Australian Government with the taxpayers behind it can go on indefinitely, and that the Conference lines may eventually be ruined. I am prepared to recommend the Conference to come to an agreement with the Australian Government either to buy its ships on reasonable terms or to suggest that they should sell their ships to the Australian Government and leave the latter a free field." Mr. Hughes, with his usual acumen, hurled this message into a committee of the Federal House on the Estimates. He had previously taken the House into his confidence for almost the first time in regard to the position of the Commonwealth with respect to shipping and shipbuilding, and had made the statement from which the preceding figures have been extracted. A full-dress debate on Commonwealth shipping took place, and it showed quite plainly that the majority in Parliament was strongly of opinion that Lord Inchcape's offer revealed his uneasiness at the prospect of the line's continuance, and proved that it had acted as a shield to Australian interests. On previous occasions when Parliament had debated our shipping affairs, its main criticism had been directed against the unconstitutionality of the

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methods by which Mr. Hughes founded the Commonwealth Line and bought ships without consulting Parliament. Members of the Opposition have always, of course, availed themselves of the wooden ship fiasco and other administrative errors to launch attacks on the Government. But the debate of November last revealed that, despite these things, members were convinced that the line was a good thing, and that the fact that the Shipping Conference wanted it was only an additional reason why the Commonwealth should not give it up. The only opposition came from convinced opponents of State enterprise of any kind among the Country and National parties. But the majority of these parties and the whole of the Labour party were solidly behind the enterprise, and a motion to reduce the estimate in order to indicate that the continuance of the line was inadvisable was overwhelmingly defeated.

There is no doubt that, on the whole, this vote represents the national feeling with regard to the ships. At the same time there is a considerable distrust of the efficiency of State undertakings. So far the line has not only justified itself sentimentally and politically but also financially. Yet it is still a Government department under the Prime Minister. It needs to be freed and set under some independent authority, as has been done with the State railways and the Commonwealth Bank. Mr. Hughes has indicated that this will be done, and the Governor-General's speech at the opening of the second session of the current Parliament promised legislation along these lines. But the legislation has not yet been passed. The status of the general manager is apparently obscure. And there is an uneasy feeling that the line is too costly and too powerful an instrument to be subject to the risk of any kind of dictation at the whim of a political party.

Mr. Sastri's Visit

V. MR. SASTRI'S VISIT

MR. SASTRI visited Australia in June and July of this year, in accordance with an arrangement made at the Conference of Prime Ministers held in London in 1921. In his opening speech at the Conference he had made a strong comment on the position of British Indians resident in certain of the Dominions. Mr. Lloyd George had described the British Empire as "a confederation of races into which willing and free peoples had been admitted," and General Smuts had spoken of the coming of the era of universal peace. Mr. Sastri answered that "consent is incongruous with inequality of races," and "freedom necessarily implies admission of all peoples to the rights of citizenship without reservation." "Peace," he added, "means stable and unalterable relations between communities based on honourable equality and recognition of equality of States," but he admitted that at the Conference in 1918 an agreement had been reached by which the claims of all British subjects to equality of rights within the Empire had been modified. This agreement he acknowledged to be still binding on himself and the Indian people, and he expressed no wish to depart from it. But he contended that consistently with the 1918 resolutions there was a duty on the Dominions to take measures for the relief of Indians lawfully domiciled within their respective jurisdiction, and he announced that he and his colleagues would propose a resolution which would be regarded in India as "a test by which the whole position may be judged." Unfortunately, we have no report of the debate on this resolution. Its terms were as follows :—

The Conference, while reaffirming the resolution of the Imperial War Conference of 1918 that each community of the British Commonwealth should enjoy complete control of the composition of its own population by means of restriction on immigration from

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any of the other communities, recognises that there is an incongruity between the position of India as an equal member of the British Empire and the existence of disabilities upon British Indians lawfully domiciled in some other parts of the Empire. The Conference accordingly is of the opinion that in the interests of the solidarity of the British Commonwealth it is desirable that the rights of such Indians to citizenship should be recognised. The representatives of South Africa regret their inability to accept this resolution in view of the exceptional circumstances of the greater part of the Union. The representatives of India, while expressing their appreciation of the acceptance of the resolution recorded above, feel bound to place on record their profound concern at the position of Indians in South Africa, and their hope that by negotiation between the Governments of India and of South Africa some way can be found, as soon as may be, to reach a more satisfactory position.

The resolution is here set out because Mr. Sastri in his speeches in Australia exactly followed its terms. By assenting to it, the Prime Ministers could not bind their respective Parliaments, but did bind themselves at least to an undertaking to endeavour to carry measures for the relief of Indians through their respective Parliaments. It was to help them to discharge this obligation and to explain the position of India within the Empire that Mr. Sastri was invited to make a tour of the Dominions, other than South Africa. Before he arrived there had been no public discussion of the resolution. It had been announced in Parliament by Mr. Hughes, but no comment had been made on it in the subsequent debate. Public attention, however, had naturally been drawn by the visit of the Prince of Wales to India and by other incidents to signs of unrest in India, and the Australian people had been made aware of the interest taken by the Government of India in the position of Indians resident or employed elsewhere in the Empire. Mr. Sastri maintained in all his speeches, as he had at the Conference, that on the whole the people of India were proud of their inclusion in the Empire and were anxious that it should be preserved, and he declared, in accordance with the resolution, that they did not seek to interfere with the established policy of a White Australia,

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nor did he concern himself with the rights of students, merchants, tourists and other temporary visitors whose position is now defined on a reciprocal basis by an agreement between the Governments of India and of Australia. His representations were confined to the grievances of those Indians who were domiciled here when the Commonwealth was established and who now number between 2,000 and 3,000.

It need hardly be said that no disabilities are imposed on Indians as Indians. But as compared with other British subjects they do suffer from certain disadvantages which are imposed on all persons of Asiatic origin, or on all who belong to the coloured races. They cannot be employed in industries which receive a bounty from the Commonwealth, and in some instances they are debarred from employment by industrial awards. It is not suggested that these industrial conditions operate in many cases, for here as elsewhere Indians tend to become small independent traders, and Mr. Sastri evidently regarded it as the vital object of his mission to obtain for them equal political rights. They have the franchise in all States except Queensland and Western Australia, and in the Commonwealth they have the franchise only if they were entitled to a State franchise in 1902. Mr. Sastri urged, with passionate energy, that this should be granted to them. He insisted that exclusion was a badge of racial inferiority which was both ungenerous and undeserved, and he urged that it should be removed both as a recognition of equality and in order that Indians might seek the redress of their other grievances by constitutional means.

Wherever Mr. Sastri spoke he was welcomed with enthusiasm. His hearers had learned in advance of his great services to his own people and to the Empire. In India, at the London Conference, at Geneva and at Washington, they were impressed by the earnestness with which he urged the claims of India to full political rights, by his sincerity, by the cogency and eloquence of his reasoning,

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and by his mastery of whatever subject he might have chosen for his address. Besides giving Australians a new view of the aspirations of the Indian people and of the relation of their claims to the unity of the Empire, it was a demonstration of the quality of one of their chosen representatives. But Mr. Sastri must himself have been impressed by the desire of the Australian people to show their good feeling towards the people of India. His audiences were very differently constituted, but were at one in their anxiety that misunderstanding between the two peoples should be removed. Mr. Sastri hinted that the prospects of unrest would be very greatly diminished if the Dominion Parliaments gave effect to the resolution of the Conference. None of them has done so yet, but it is safe to say that the subject has acquired a new importance since Mr. Sastri's visit.

Australia. September 23, 1922.

SOUTH AFRICA

I. THE UNION AND THE DARDANELLES

IT is impossible to discuss the implications and possible effects of the British Premier's appeal to the Dominions at the beginning of the Near Eastern crisis until the situation has developed further. When the news of the Greek *καταβολή* reached us, we assumed that, in terms of the inter-Allied agreement of March, the victorious Turks would be stayed by the armies of the West. Suddenly came the call for aid in case of war with the Kemalists.

It reached us at an awkward moment. The Cabinet had dispersed, and General Smuts was more or less out of reach on the coast of Zululand. Surprise was the dominant note in the Press and in men's talk. Mr. Burton, our Finance Minister, even told a Natal audience, "the Dardanelles leaves me rather cold. . . . I will tell you why. We have heard nothing about it yet."

The official reply of the Union Government was given a week after the summons arrived. By this time we knew that the French and Italians had withdrawn, and that the British, steadily reinforced, were facing the Turks in the neutral zone. The Cabinet approved of the decision to hold the Straits, expressed the hope that, as the situation seemed to have improved, the military intervention of the Empire would be unnecessary, and declared that :—

As far as the Union is concerned, very important questions of policy would be involved by any decision of the Union Government to take part in military operations in Eastern Europe, and the Union

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Government feel that such a step should not be taken without calling Parliament together. The Union Government venture to express the opinion that the future régime for maintaining the freedom of the Straits should be placed under the League of Nations.

This statement has since been expanded by the semi-official Pretoria Press and the Prime Minister. The former holds that the incident illustrates the independent status of the Dominions, which must now be invited to take part in any war, and draws the deduction that in future any Dominion Government may send out an S.O.S. signal to all the others, including that of Great Britain. The Nationalists have naturally made the most of the unlucky Press communiqué which accompanied the official invitation, as an appeal to citizens of the Union over the heads of their own Government and, therefore, as a breach of international law. General Smuts has, however, replied that H.M. Government was bound to notify the Dominions of the crisis and to ask them if they wished to be associated with it, and had done so. It had even gone further and stated that the appeal was really meant for Australia and New Zealand owing to the great Anzac tradition, and was only sent to South Africa *pro forma*. On the other hand, he was fain to admit that the Press communiqué was "perhaps not the best and in the most proper terms."

This explanation satisfies most South Africans, who do not wish to make political capital out of the "secretarial error." But there are two points to be noted. Most South Africans agree with the Cabinet in refraining from passing any opinion on the merits of the Near Eastern question. On the other hand, during the actual crisis they felt that Great Britain, as General Smuts said, "acted with great firmness and saved great trouble to the world." For that they are proud and thankful. Secondly, the invitation to the Dominions has forced to the front the question as to how the new Dominion status is to be preserved under pressure of foreign politics. If the Union is to take a free and intelligent share in the foreign politics of the Com-

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monwealth, it must know what is going on, before the crisis arises. How this constant touch is to be maintained, whether by responsible Ministers resident in London or by some other means, is a matter for discussion. But the discussion must now take place, and that right early.

As far as the internal politics of the Union are concerned, after the storm, a calm. Parliament has adjourned, the economic depression continues, the Judicial Inquiry into the causes and course of the Rand revolt is still proceeding, and though the Native Affairs Commission has finished its investigations into the history of the Bondelswarts campaign, and the Mining Industries Commission has completed its labours, neither body has yet presented its report. Probably the two latter Commissions will have reported before this article is published, but meanwhile little of any value can be said on the subjects which fall within their purview.

II. THE RHODESIAN REFERENDUM CAMPAIGN

WHILE Union politics are undergoing a process of gestation, there is great activity in Southern Rhodesia. Our last article was sent to London just before the details of the Union's offers to the Chartered Company and to the Rhodesians were issued. They were published after the rising of Parliament, an unfortunate fact which led to some criticism, but which was presumably unavoidable owing to the complexity of the negotiations.

The terms of the provisional bargain with the Company were published on July 22 :—

The Union would pay £6,215,000, which at 5 per cent. interest as from March 31 last to the earliest moment at which Southern Rhodesia can be incorporated in the Union will amount to £6,836,000. The price to be paid for each asset thus acquired is not given, as the Company wishes to keep this secret in case the deal does not go through, but it is reasonable to suppose that the Crown Lands are

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valued at the amount of the Cave Award less the price of the land which the Company retains for its commercial purposes or which it has disposed of for considerations other than cash, say £3,750,000; the public works and buildings at about £700,000; and the shares of the Railway Trust and the goodwill of the debenture holders at about £1,750,000. The Union would also become liable for the interest on another ultimate redemption of the debentures hitherto guaranteed by the Chartered Company with which the railways were for the most part built. These debentures apparently amount to some £8,712,000. It also undertakes to pension or compensate the staffs of the Company and of the railway companies, and, to the extent of £25,000, the directors of the railway companies. It also promises to abstain from levying differential taxes on the B.S.A. Company.

In return the Union would secure the public works, 65,000,000 acres of Crown Lands, 2,000 miles of railway, which as a whole and at the present high rates, meet their expenditure with something to spare, the Company's privileges at Beira and options and privileges in various railway companies. Finally the Company would proceed no further with the petition of right which it has already filed against the Crown for the cash payment of the £4,435,000 of the Cave Award, with about £900,000 of interest reckoned from March, 1918, while the Crown remits its claim to £2,000,000 * advanced to the Company for war expenditure.

We in South Africa have noted that the London Press, especially the financial papers, gave these terms a warm welcome. Chartered shares, indeed, rose appreciably, but they settled down a week later, when the provisional nature of the terms was explained to a meeting of the shareholders.

The account which has reached us of this meeting is reminiscent of the palmy days when the Founder used to address crowded and expectant assemblies. The principal speaker did not conceal his opinion of the defects of the system of Responsible Government offered to Rhodesia under the Letters Patent, that the financial prospects of a self-governing Rhodesia were hazy, and that the clauses in the Letters Patent which provide for the piecemeal liquidation of the Crown's debt to the Company constituted "a

* The figure of £1,200,000 given in the last number of THE ROUND TABLE was an error.

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fraud on the Company's rights." If Southern Rhodesia votes in favour of Responsible Government, the directors propose to press the petition of right with all the power they possess.

Absit omen! for if Union carries the day, the gains to the Company will be considerable. Apart from the establishment of a Government in which the directors have confidence, the money payable by the Union added to the value of the Company's own land, cash and other assets, will leave it £500,000 in hand after all creditors and debentures have been paid off and the whole of its share capital covered. Over and above there would remain "the whole foundation of the Company, which is the mineral rights of Southern Rhodesia," its holdings in Northern Rhodesia, and, it should be added, in Bechuanaland and Nyassaland. In short, the speaker concluded, the Company had the chance of getting all they could want, except perhaps interest on the Cave Award, as well as "a very tolerable deal for our railway interests."

I say "the chance," he said, because, of course, the arrangement is conditional on the result of the referendum being for union. . . . While it (the offer) may not be all that some of us in the days of our highest hopes might have wished for, and while it may not be all that you deserve for the zeal with which you have served your King and Empire, (it) is still one which, if carried into effect, preserves you from the reward which too often awaits those who in serving their King and Empire have been compelled to put their trust in Princes.

In other words, though the prospects are not so golden as they were in the great days of 1895 when Charteredds stood at £9, though directors can no longer speak of "globular sums" of £16,000,000; still, thanks to Rhodes, the Chartered Pilgrims have passed out of Doubting Castle and over Hill Difficulty, "the Doctor" has helped them through the Slough of Despond, the Rhodesians have long since borne the weight of the administrative burden, and now, after thirty-three years, the Land of Beulah is in sight.

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The motion to accept the offer was carried with enthusiasm. It was while the echoes awakened in the Cannon Street Hotel were still reverberating in the Union and Southern Rhodesia, that the Union's terms to the Rhodesians were made known. The salient features of these terms were given in an appendix to the last South African article. They need, therefore, only be recapitulated briefly :—

Southern Rhodesia is to become the fifth Province of the Union, with four members in the Senate and twenty in the Assembly and with the prospect of further members as population increases. The Provincial Council of twenty will have the fullest powers possible under the South Africa Act of 1909. Official bilingualism must be accepted. Rhodesia will receive the usual provincial subsidy. A special subsidy of £50,000 for ten years to recompense her for the loss of the advantages enjoyed under the Rhodes Customs clause, and a development grant of £500,000 for at least ten years. The scale of taxation is to be raised to that of the Union, except that for the first three years the easy terms of her present income tax will remain in force. Union railway rates will be charged, the Port of Beira developed and a Board of Rhodesians will control land settlement with funds drawn from the development grant. The present mining laws will remain in force and it is hoped that the mineral rights may be acquired later. Rights of the civil and railway servants and of the police are guaranteed, and the existing defence system will be continued for the present. Finally, while no recruiting of labour for other parts will be allowed in Rhodesia, no restriction is to be placed on the free movement of Europeans within the enlarged Union.

These terms were hailed by the leading Rhodesian newspapers as generous and statesmanlike. In the Union the reception was mixed. In Cape Town and on the Rand the leading English papers approved ; in Natal it was the same and, there, the hope was expressed that the entry of a province with a maximum of provincial autonomy would lead to the increase of that local power based upon central funds which Natal so much desires. The *Bloemfontein Friend*, a non-party paper, gave a cooler approval, while the Nationalist and Labour journals were frankly hostile.

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Early in August, General Smuts spent a fortnight in Southern Rhodesia. He was received heartily everywhere, and though he moved his audiences to ever-increasing cheers and laughter by the statement that he was "not talking politics," there can be no doubt that his influence in favour of union was very great—so long as he was in the country. For whether he talked politics or no, he could not help "being politics." In the eyes of the Rhodesians he personified all that was attractive to them in the idea of union. His speeches, too, lifted the whole question to a high plane, for the burden of those speeches was an appeal to "look at this question from the broader point of view, the future of the sub-continent."

He himself takes such a large view that the charge that his desire to include Rhodesia in the Union is due to prospective party gains really becomes ridiculous and weakens the case of his opponents, which in other respects has much to be said for it. A possible gain of four votes on a division is not worth nearly £7,000,000 and endless worry. Smuts has much bigger ideas than that. At his first meeting at Bulawayo, after paying a compliment to the Company, whose

record will compare favourably with that of any chartered company that has ever existed in the history of the British Empire, he passed on to discuss Rhodes. I never personally knew Mr. Rhodes, he said, . . . But in the political work I have done I have had to study his work and his life. . . . Mr. Rhodes was the first statesman to recognise clearly that it was impossible either to have British domination or Dutch domination in South Africa, but that the co-operation of both white races was essential. . . . He made his great mistake in his impatience and seemed for a moment to desire British ascendancy. But he soon recognised his fundamental error, and paid dearly for it. Much had to happen in South Africa before the great fusion he could foresee was realised. . . . It has taken a long time. It has taken twenty-five years.

Perhaps "fusion" and "races" are not the right words. "Co-operation" and "nations" express more clearly what Rhodes at his best and Botha and Smuts have been

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aiming at. But it is in the interests of this co-operation that Smuts wants Rhodesia to enter the Union. And his second reason arises directly out of this growing co-operation. "English and Dutch," he said, "have always planned greatly; they have never done retail business in politics." Smuts was born in the old Cape Colony which once had Grey for a governor, with his vision of a federation to the Vaal, and maybe to the Limpopo. Then came Frere, who dreamed of one government as far as the Zambesi; and then Rhodes as Premier, who refused to set any limit, short of Wady Halfa, to the northern expansion. He has served much of his political life in the Transvaal, where Pretorius, backed by a much-divided handful of followers, proposed to extend his republic from the Atlantic to the Indian Ocean; where Burgers, while Rhodes was finding his first diamonds at the dry diggings, was already talking of equal rights for all civilised men south of the Zambesi, and whose last stout old President, even before the gold-mines gave him the sinews of war and trade, aimed at making his state mistress of the interior.

Smuts is in the direct line of this great succession. As early as 1906, when the idea of union was only emerging from the blood and dust of the South African War, he looked to wider political horizons as the cure for the internal ills of his country. He is aiming at a big South Africa, big in area and still bigger in influence, and, in that South Africa, Southern Rhodesia is to play admittedly a great part, but still only a part. Speaking to a Zululand audience at the close of his Rhodesian tour, he claimed, in words strangely reminiscent of Sir George Grey:—

Already the Union is the most important Power on the African Continent. There are other States with bigger populations, but the Union has attained the leadership of the Continent. . . . The time is not far off when this European Power of Africa will wield great and good influence throughout the world. Beneficial effects will be felt not only in this southern part of Africa but in the far north.

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There is no doubt that one of the main reasons why Smuts desires the inclusion of Southern Rhodesia is that railways may be built through her territory which will bring down the wealth of the Katanga southwards. He looks even further north than that. A fortnight after his return from Rhodesia it was announced that a Union trade mission was going to Kenya, that the whole African continent north of the Zambesi was to be regarded as a possible Union market, and that H.M. Government had asked the Union to supply highly-placed officials for the Uganda and Nyassaland railways, thereby "giving a wider outlook to railway policy in the Union." Wider indeed. Fortunately the main African railways are built to our own 3 feet 6-inch gauge.

Meanwhile the foundation of this projected superstructure, whether political or economic, is the Union. Southern Rhodesia is the possible first storey. Let us consider Rhodesia first. The division of classes between the rival parties is more clear than even that which has already been described in *THE ROUND TABLE*, with this one addition that the women, as far as can be judged, are in favour of Responsible Government. And the women constitute one-third of the electorate. There is, however, a large indeterminate mass of voters on whom the issue depends.

Reliable authorities in Rhodesia and on the Rand, which is naturally in closer touch with Rhodesia than the southern parts of the Union, believed that, while General Smuts was in the country, the chances of the two parties were even. Now they believe that Responsible Government will carry the day.

The Unionists have many advantages. The Company and its allied companies, most of the Rhodesian press and large sections of the press in the Union and Great Britain favour them. They obviously have the blessing of the Colonial Office. There are good reasons for this. The Union's political offer is fair, the material gains to Rhodesia will be certain. It is on these material gains that the

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Unionists mainly dwell. Their second argument is based on a genuine belief that self-government will prove an expensive failure and that Rhodesia may be reduced one day to beg for admission to the Union at the hands of a Government which may well be less sympathetic than that of General Smuts. Their final plea is that Rhodesia must come in to save the S.A.P.* Government and therefore the British connection.

On the other hand, the Unionists have several weaknesses which may well prove fatal to them. They cannot call on Union citizens to help them, for, following the lead of their Premier, South Africans have refrained from pressing the undoubtedly strong points in their case. The Unionists, again, are bad psychologists. They have overdriven the argument of material gain to such an extent that Rhodesians are becoming bored with it.

The leader of the Responsibles has even been moved to observe—and he has good Scriptural authority behind him—that men have souls to save as well as bodies. Rhodes knew that. He always mingled personal appeal and lofty sentiment with his high finance, and thereby opened men's hearts as well as their cheque-books. To-day the Unionist appeal, both in Rhodesia and in the Cannon Street Hotel, is far too much to the cheque-book only.

In the ears of many Rhodesians the *argumentum ad Imperium* rings hollow. Some of the Unionist leaders have been Unionists consistently and their opinions call for and receive respect. Others not so long ago, not only condemned Responsible Government but favoured a continuation of the Charter, amalgamation with the North, even Representative institutions under the Crown, anything rather than union, the abomination of desolation sitting where it ought not. Their novel zeal for union really does harm to the Union cause. Nor are many Rhodesians convinced that their entry will save the British connection, if it is in danger.

* South Africa Party.

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They do not fail to note that a leading Nationalist, in the presence of General Hertzog, assured a Johannesburg audience that there "can be no 'our flag' in South Africa until all parties in South Africa make their flag themselves." Rhodesians, as a body, are very loyal to the Empire, but they are even more loyal to Rhodesia. It is their country and they want to be very sure that the Empire needs the sacrifice of their autonomy before they make it. They also do not desire to make it in vain. If the Smuts Government is to fall at the next election, the Rhodesians will not be able to save the situation. They might merely find themselves under a Hertzog Government, for which they are not prepared, even though that Government did not prove to be secessionist in practice. The Responsibles declare that they can best serve themselves, South Africa and the Empire "by remaining a separate entity for the present."

The influence in favour of union which General Smuts had during his visit suggests that personality will play a most important part in deciding the issue. But the General has returned home and the Unionists have no outstanding leader who can draw the eyes of all men—and women—upon him. Nor has their party any tradition. Their opponents have both in far greater measure. The Responsibles include many men who have fought for self-government or the nearest approach to it for many years. And they have a leader. Sir Charles Coghlan is known to all in Rhodesia and to many in the Union and Great Britain as Responsible Government personified. He has energy and fire, on occasions too much fire, but too much is better than too little during a referendum campaign. And his chief supporter is Sir Francis Newton, a level-headed man with a long and honourable administrative record in Bechuanaland and Southern Rhodesia. Personality and leadership are on the side of Responsible Government.

The Responsibles criticise the Union terms somewhat severely. They object that the parliamentary representation is too small; they have no desire to be saddled with the

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provincial system, which they regard as inefficient and likely to burden them with heavy provincial taxes in addition to the higher scale of Union taxes. These levies will go far to cancel the development grant. They even reckon that on the balance the financial gain will lie with the Union. They admit that the reduced railway rates are an advantage, the one solid advantage offered, but even so they hold that the gains are not sufficient to outweigh the sentimental and material disadvantages of union. These drawbacks are three. They are not reconciled to the undoubted expenses of bilingualism, especially in the schools, in spite of the assurance of Natal that the system has been found quite tolerable. Secondly, they have little confidence in the Land Settlement Board. This Board may be Rhodesian, but it is merely advisory and ultimate control must lie with the Union Parliament. They are still haunted by the vision of an invasion by "poor whites." A speech made by General Smuts on his way home from Rhodesia, through the Western Transvaal, to a Nationalist gathering in De la Rey's country has alarmed them.

When I see the farms becoming smaller and smaller, said the General, and the schools growing larger every day, I wonder what is to become of us if we have to continue in a small way. That is why I say, let Rhodesia come in. Let Rhodesia come in in the days of her youth. President Kruger in his time already considered that Rhodesia should be part of the Transvaal. Mr. Rhodes diverted his attention to Swaziland. I say, let both enter the Union. . . . Our ideal is to become a great country, and to prevent our people becoming *bijwoners*. We should get all available land.

Whether Rhodesians have interpreted this speech correctly or not is beside the point. The point is that they are alarmed.

To make matters worse, the Union terms demand free movement for Europeans throughout the enlarged Union. So far Rhodesia has, by means of stringent immigration laws, performed the truly remarkable feat for a frontier state of excluding bankrupts, those who have served a

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term of imprisonment and other potential undesirables. Surrounded as they are in a huge country by swarms of natives, they desire to maintain this sanitary cordon.

Faced with an undesirable immigration on the one hand, they fear an equally undesirable emigration on the other. All Central Africa territories are jealous of the departure of their natives into other areas. However much the Union may frown upon recruiting of Rhodesian Natives for the Rand mines, the Responsibles fear that in case of union the influence of wealthy men, who already have one foot on the Rand and the other in Rhodesia, will be used to draw away their labour supply. This may sound selfish, but it must be borne in mind that the excellent Native administration in Rhodesia is based upon the conception of the Native as the member of a tribe. Life on the Rand, by no means an ideal life for any Native, is a potent solvent of the tribal system.

The Responsibles are more than ever confident that they can find the money to carry on the government and provide for modest development, trusting to time and increased immigration for the rest. £1,500,000 is the figure usually mentioned as the initial loan which must be raised. No one doubts their ability to raise that sum, especially as revenue is still coming in well and a tax on unimproved land would produce a considerable revenue. Recently more ambitious schemes have been broached, including the purchase of the Company's shares in the Railway Trust, at the Union's price, and control of the Land Bank. Some of the leaders even speak of buying out the Company's mineral rights, but others hold that this is beyond their powers or needs for the present. Meanwhile the Company reminds them that the price of the railway shares must include the goodwill of the debenture holders, and that the Land Bank is a commercial asset and not for sale. To which the Responsibles reply that their bargaining powers will be greater as a Government in being than as a mere political party. In any case it is significant that much less

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is heard now than formerly in hostile quarters of the financial hopelessness of responsible government. Again, the threat of "contingent liabilities" which might fall upon Rhodesia in case the Company won its petition of right has been dropped. The Colonial Secretary did not improve the prospects of union by writing at one time as if these liabilities might fall on Rhodesia. His most recent letter has, however, made it clear that the matter is one for the Crown and Company only. Thereby he has raised the spirits of the Responsibles, who now know that, at the very worst, they cannot be faced with an additional debt of more than £613,000. On this score they are philosophical. To put the matter as bluntly as the Chartered directors put it to their shareholders, the Responsibles have lived so long in an atmosphere of financial threats that they are now acclimatised. They have had some experience of lawsuits between the Crown and the Company, and their faith in the Crown outweighs their fear of the Company. To sum it all up, they say, "We have been without land, railways, harbours and mineral rights as an Administration ever since we have had an Administration, and for the last fourteen years we have paid our way." Matters cannot be worse under responsible government. From that position they will not budge.

Thus the battle rages north of the Limpopo. Within the Union the organised Nationalist and Labour parties are up in arms. Before the close of the parliamentary session they demanded details of the Union's twin offers, expressed their suspicion of the deal with the Company, and accused the Premier of riding roughshod over the rights of Parliament and the interests of the people for the sake of party gains. Since then various speakers and the Nationalist Federal Council at Bloemfontein have elaborated these views. The motive ascribed to the Premier's policy may be dismissed, but the criticism of the policy itself cannot be so lightly set aside. Many good South Africa party men join with the Opposition parties in objecting to the

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fact that the terms will only come before Parliament as a *fait accompli*, to be taken or left. It is perfectly true that Customs Conventions came before the old Cape Parliament in the form of treaties, it is also true that the letter of the South Africa Act of 1909 is being followed in the present proceedings. But it is an historical fact that the Cape Parliaments and Republican Volksraads took their powers and privileges very seriously indeed as against the executive, and that the draft South Africa Act was debated in the four colonial Parliaments, altered at a subsequent meeting of the Convention, and submitted to a referendum in Natal. Many South Africans feel that the spirit of the Union constitution is being violated :—

I and my party, said General Hertzog at Johannesburg, have nothing against the entry of Rhodesia into the Union. We have always felt—those of us who sat at the Convention felt—that the entry of Rhodesia would only be the accomplishment of a fact to which the people of the Union have always been and still are looking forward, but when a thing of this sort is done, let it be done constitutionally ; let it be done in a manner satisfactory to both parties.

Many of the Nationalist objections have little weight, the so-called over-representation of Rhodesia, the prospect of the language clause proving a dead letter, the “segregating” effect of the land settlement scheme, whereunder the Rhodesians will presumably be able to exclude Dutch settlers. But three of their main arguments are important. They urge that the method by which Rhodesia is to be brought into the Union will form a precedent for the inclusion of other provinces to the west and north, possibly at less reasonable prices, which will have to be paid mainly by the people of the Union. These annexations would go even further to change the character of the Union, especially the proportions of white to black, than the measure under discussion. And all this may be done without any popular mandate or discussion at all. In the present instance the Nationalists exaggerate the financial burden which will be

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laid upon the Union, but this exaggeration leaves the question of principle untouched.

Secondly, they urge that union can only be carried, if at all, by a very small majority. In that case a large number of Rhodesians will be brought unwillingly into the Union, feeling they have been unfairly deprived of a whole stage in their political education. The Premier himself told a Rhodesian audience that they were still in the pioneer stage, "still finding out things for themselves, making mistakes, and, in some cases, paying heavily for them." Many Rhodesians are quite prepared to pay for their mistakes, provided they may go on finding out things for themselves. After all, the rest of us have done so. Earlier attempts at federation in South Africa all broke down partly at least because the political experience and status of the prospective partners were so different. Once all four were self-governing colonies the way was made immeasurably smoother for union. That is why many South Africans sympathise with the Rhodesian desire for responsible government as a preliminary to union. If the Rhodesians come in now, they will always be able to complain, when difficulties arise, that all would have been different if only they had been allowed to try their hand at governing themselves.

The third argument goes back into history. It is with no desire to rake over old fires that we note it, but if the Nationalist attitude and, indeed, the attitude of many Labour and South Africa party men is to be understood by the rest of the British Commonwealth, it must be stated :—

This offer, declared the Nationalist Federal Council, has clearly in view the protection and advancement of the great money power, and in particular the Chartered Company, to the cost and detriment of the agriculturist, the small holder and the working class.

The enemy in the later 'nineties, in the eyes of the Republicans and of many in the old Colony, was not H.M. Government, which they frankly say was the dupe, but

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the money power of which the Chartered Group was the head and front. Whether they are right or wrong does not matter. That is what they believe, and on that belief they act. The idea of parting with good Union money to the Company repels them, and would repel them even were the *quid pro quo* all King Solomon's Mines.

There are some men of all parties who, on the authority of Rhodesians, hold that the Union would be paying too much for the Crown Lands. But they are anxious not to look at the matter in a pettifogging spirit, and would not object to this, even if it were certain, provided the political and other material gains were clear to them. Many even of those who on the whole approve of the bargain would be more enthusiastic if the Company were to be bought out, as Dr. Jameson used to say, "lock, stock and barrel." The Land Bank should at least come under Government control. There are obvious dangers in leaving this institution in the hands of a huge corporation, itself the largest farmer in the territory, whose other ramifications are known to few, since so many future Union citizens will be in its debt. They would be more satisfied than they are if the mineral rights were included in this purchase. General Smuts seems to be of this opinion himself. "There was," he said, "a difficulty because the Company took a most roseate view of their mineral rights and the Union Government a more sober view." He stated the case still more strongly a little later to an audience of small miners in Southern Rhodesia :—

The question is whether it is not possible for the Government of this country to use its mines and minerals as more powerful instruments for the development of the country, . . . than if they were owned by a private corporation. That that is so I was before convinced, and the conviction has deepened as a result of my visit here.

That conviction is deepening in the minds of many South Africans. The original scheme of the founder of the Company was that it should secure the minerals,

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exploit them through subsidiary companies, and hand over the powers and duties of administration to other hands as soon as possible. That long-deferred scheme seems now, in great measure, to be on the point of accomplishment, and many South Africans suspect that their share in the happy consummation is to provide the necessary funds.

Finally, another doubt has begun to grow in our minds, for we are a cautious people, since French, Dutch and Scots have contributed so much to our composite nationality. Mr. Burton, our Minister of Finance, told a Ladysmith audience, soon after the Premier's return from Rhodesia, that though he had no fears for the future, yet to-day times were bad, and likely to be worse before they were better :—

We must reduce our expenditure, he said ; it has got beyond our means. . . . Though we are engaged on several matters of high policy at the moment, . . . I venture to think that the very best service this Government or any other Government could render South Africa is to insist upon a reduction of our expenditure to reasonable proportions.

This statement has been duly noted by the Responsibles in Rhodesia, and has not awakened any further enthusiasm in the Union for raising a loan of £6,836,000 to be paid over to the Chartered Company. There are lions in the path which leads to the Land of Beulah.

In short, many South Africans have been following their Premier's example and reading the life of Rhodes. They have noted, as General Smuts has pointed out, that, whereas Rhodes was not always clear on the necessity for a political union of the South African states, " he was clear on one point—that he thought there should be economic union." That economic union already exists to a large extent between the Union and Rhodesia. Failing political unification to-day, many South Africans will be quite content to draw the economic bonds still closer and trust to time for the rest. " Racial bitterness," Smuts has said

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recently, "is still reflected in Parliament, but I am old enough to know that a very great change is coming. Bitterness is dying down." Let it die. "It is ever so"—to quote him for the last time. "Time is required for great developments, for great events in history."

South Africa. October, 1922.

NOTE.—Since this article was written the referendum on the question of the future of Rhodesia has taken place and there was a majority of 2,785 in favour of responsible government.—EDITOR.

NEW ZEALAND

I. A DULL SESSION

THE final session of the present Parliament, which opened on June 28, has during its first two months and a half been one of the dullest and most futile on record. The programme outlined in the Governor-General's opening speech was very meagre, but it contained one hopeful and unconventional suggestion :—

In view of the length of last session, said his Excellency, and the large amount of important legislation which was then passed, my Advisers are of opinion that this session should not be of more than average duration, thus permitting members to have a proper opportunity of visiting their constituents before the date of the General Election.

It was quite a good idea that, as there was not much for members to do, they need not spend much time in doing it, but it is not being carried out. Members have not been putting the legislation through because it has not been before them. They have been talking instead, and talking to very little purpose. It has been more like sparring than fighting, the Government having no constructive proposals, and the Opposition no critical power, but both prepared to talk indefinitely. Three weeks were devoted in the most aimless fashion to the debate on the Address-in-Reply, and the fortnight spent on the financial debate, in which almost everything but finance was discussed, was equally futile. In winding up the second of these debates on September 1,

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Mr. Massey was able to congratulate himself on the five no-confidence motions which had been converted into five votes of confidence—a compliment which he believed was unprecedented. The first of these motions was the Opposition's amendment to the Address-in-Reply, chiefly aimed at the Government's financial administration, which was rejected on July 13 by 37 votes to 20. The last of the series was the Labour party's censure on the policy of the Government regarding unemployment, and this was on August 31 decided in the Government's favour by 52 votes to 13. Mr. Massey, who on July 10 celebrated the tenth anniversary of his accession to office, seems to be just as firmly seated as ever.

The effects of the financial slump are clearly seen in the budget which was brought down by Mr. Massey as Minister of Finance on August 15. From £8,408,726, a total swollen by the abnormal over-importation of 1920-21, the Customs revenue fell to £5,095,436 in 1921-22—a decrease of £3,313,290. Income tax dropped from £8,248,945 to £6,002,987—a decrease of £2,245,958. The total revenue was £28,127,007, which was £6,133,955 below the revenue of the previous year, but slightly in excess of the estimate. The expenditure was £28,466,838, which was £398,108 in excess of the figures for 1920-21. The expenditure was thus £339,831 in excess of the revenue, but a windfall reduced the deficit to £279,831. For the current year the revenue is estimated at £26,250,000, the drop from last year's figures being covered by a further decrease of nearly £2,000,000 in the proceeds of the income tax. The expenditure is estimated at £27,938,215, and the shortage of £1,688,215 is to be made good from accumulated surpluses. The increase in the expenditure by nearly 150 per cent. since the last year before the war, and the small effect produced by the economies which the Government has incurred not a little unpopularity in effecting, are disquieting features, but Mr. Massey refuses to despair of the republic, and he points to the steadily

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increasing volume of our exports as an indication that the country is taking the only road that offers an escape from its difficulties.

A table appended to the budget gives us the cold comfort of knowing that we are not the only people in trouble. Though we had a suspicion of this previously, the figures are interesting. The growth of New Zealand's expenditure from £11,825,864 in 1914 to £28,068,730 in 1921 is a small matter compared to Britain's £197,492,969 and £1,195,428,000 for the same years. Of the Australian States, Tasmania with £22 2s. 7d. alone carries a lighter burden per head than New Zealand's £23 10s. The increases of expenditure *per capita* in all the States of Australasia between 1914 and 1921 are as follows :—

	£	s.	d.		£	s.	d.
New South Wales	15	10	6	New Zealand ..	13	5	10
Queensland ..	14	15	7	Victoria ..	12	17	8
West Australia ..	13	12	1	Tasmania ..	12	1	9
South Australia ..	13	9	6				

II. DOMINION STATUS AND THE WASHINGTON CONFERENCE

THE pride which some other Dominions have felt in their position on the League of Nations has never been shared in New Zealand. The more they have insisted on the glories of the new status and the recognition which it implies of their emergence into independent nationhood, the more uneasy has been New Zealand's apprehension that it is really leading the Empire towards disintegration. The possibility of casting a vote on an international tribunal against Great Britain and carrying it against her with the aid of foreign Powers has been equally repugnant to our people's instincts of loyalty and to their ideas of policy. The fact that on such a tribunal the votes of the Dominion

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would carry little or no authority but what the naval and military power of Great Britain could supply imparted a touch of humour to the procedure without making it any more tolerable. Though acquiescent at first and never officially expressed, it seemed to be along these lines that the public opinion of New Zealand gradually took shape during the two years that followed the signing of the Treaty of Versailles.

When the invitations to the Washington Conference were issued, our Government had an excellent chance of expressing the opinion of the people in a way that might have represented a valuable service to the Empire. On behalf of Australia Mr. W. M. Hughes, in a relapse into his earlier manner, bitterly complained that by sending a single invitation to the British Empire as a whole the American Government had slammed the door of the Conference in the face of the Dominions. In South Africa General Smuts declared that, if South Africa could not be represented at the Conference in her own right, she would not be represented at all, and even went so far as to urge the other Dominions to join in his proposed boycott of the Conference. The resentment expressed by these two Prime Ministers excited in New Zealand no sympathy whatever, but rather a deep regret that Imperial Statesmen should adopt so anti-Imperial an attitude, and especially that in the name of "team-work" General Smuts should preach a gospel equally opposed to the spirit and methods of a team and to the interests of its members. Discourtesy on the part of the United States, if there had been any, would have been a poor reason for New Zealand's ignoring her life-and-death interests in the Pacific, but as she could see no discourtesy she was under no temptation to go wrong.

Mr. Lloyd George has been credited with a singular capacity for saying the right thing and doing the wrong one. Mr. Massey, on the other hand, can generally be relied on to do the right thing in Imperial affairs, but is not so sure to say the right thing. Sir John Salmond was

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already on his way to Washington as New Zealand's representative when General Smuts's suggestion was made, and even if he had not been, no question could possibly have arisen of reviewing a decision which everybody approved. Mr. Massey accordingly rejected the suggestion, but in doing so he did not say that New Zealand was prouder of the British Empire than of the League of Nations, and was glad that the mischievous procedure established at Versailles was not to be followed at Washington. As on previous occasions when the Imperial Government has been unjustly criticised, so here when the perfectly proper action of a foreign Government was being attacked, the New Zealand Government refrained from a public expression of its dissent from the tactics which it deplored. It is, of course, easy to say too much on these delicate matters, and reticence may be a sound general rule. Burke's regret that, in an age of discussion, the Constitution of our country should be treated as "a subject rather of altercation than of enjoyment" may apply with special force to the Constitution of the Empire. But it is also clear that, in Imperial affairs as in domestic politics, if the wrong side is allowed to have a monopoly of the talk it will also tend to monopolise opinion, since it is chiefly by talk that opinion is formed. The drift towards disintegration which has set in during the last three years must be due in large measure to the fact that those whose heads were turned by the unfortunate compliment paid to the Dominions by the Peace Conference and the League of Nations have been busily proclaiming the faith that is in them, while the faith which recognises that the Dominions cannot both eat their cake and have it, and that an Empire with six different foreign policies must end in chaos and disruption, has rarely made itself heard.

If Mr. Massey missed a good chance of defining New Zealand's attitude to the doctrine of Dominion sovereignty, on the eve of the Washington Conference, he has now turned another opportunity arising out of the same occasion to

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excellent advantage. This opportunity was provided by Sir John Salmond's report on the proceedings of the Conference which was presented to Parliament on August 16. Like so many similar documents in these days of open diplomacy, this report in its substantive portions does little more than summarise, analyse and discuss what had previously been made generally known through the Press. But in a concluding section Sir John Salmond breaks new ground by dealing with some incidental questions which were not in the agenda but may prove to be of greater importance to the Empire than any of the treaties negotiated by the Conference. What is the constitutional and international significance of the representation of the Dominions at the Conference? What light does it throw on the permanent change in the relation of the Dominions to Great Britain which is supposed to have been effected at Versailles? And how did the joint Empire delegation work at Washington from the standpoints of the Empire as a whole and of the individual Dominions? On the first two questions it may be pointed out that, as New Zealand's leading jurist and one of the leading jurists of the Empire, Sir John Salmond speaks with exceptional authority. On the third point—the working of the Empire delegation at Washington—his authority is that derived from the intimate knowledge of one who was at the heart of the machine all the time.

On the legal aspect of the Dominions' status, Sir John Salmond writes as follows :—

Suggestions have been made in certain quarters, that by permitting the presence of the self-governing dependencies of the Crown at international conventions, such as those of Versailles and Washington, those Dominions have in some manner acquired a new international status—that they are now recognised for international purposes as independent States, although in their constitutional relations they remain portions of the British Empire. It is not easy to attach any definite meaning to this suggestion; but, whatever its precise significance may be, there seems no foundation for it in the facts as to the Washington Conference. The true significance of the presence of representatives of the Dominions at that Conference is

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not that those Dominions have acquired for either international or constitutional purposes any form of independent status, but that they have now been given a voice in the management of the international relations of the British Empire as a single, undivided unity—relations which were formally within the exclusive control of the Government of Great Britain.

It is to be noticed that the invitation of the American Government to attend a Conference at Washington on the limitation of armaments and on Pacific questions was an invitation to the Government of Great Britain and to the other seven Powers—namely, France, Italy, Japan, China, Belgium, Holland, and Portugal. There was no invitation to Canada, Australia, New Zealand, or any other Dominion of the Crown. The Government of every State so invited to Washington was left at liberty to send such and so many plenipotentiary delegates as it thought fit. The British Government thought fit to send seven, and to appoint four of these on the recommendation of the Governments of the overseas Dominions. These seven constituted jointly the British delegation representing the British Empire, just as four plenipotentiaries represented France, and three represented Italy.

Though nominated by their respective Governments, the Dominion delegates were, Sir John Salmond adds, appointed by the King himself, just as were the delegates from Great Britain. He also points out that Newfoundland, though a self-governing Dominion, was not represented; and that India, though represented, is not a self-governing Dominion. "It would appear difficult, therefore," he says, "to base on such a system of representation any conclusion as to the acquisition of a new international status by the self-governing Dominions." To this the answer of the disintegrators presumably is that the Dominions which were represented at Versailles owe their emancipation to their admission as original members of the League of Nations, and that Newfoundland can also become a sovereign state with a foreign policy of its own by satisfying the conditions presented by Article 1 of the Covenant for the admission of "any fully self-governing state, Dominion or Colony not named in the Annex." But the reference to Newfoundland was little more than an *obiter dictum*. Sir John Salmond holds out

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no hope that admission to the League will improve that Dominion's status, his main contention being that it is at the most an *ad hoc* independence that is conferred by membership of the League. His conclusion that in law and in fact the constitutional relations of the various parts of the Empire to one another remain exactly as they were before the Covenant was signed is, he considers, confirmed by what took place at Washington.

The procedure of the Washington Conference was, he writes, in itself a clear indication that the Dominions were there, not in their own right as quasi-independent States, but merely as constituent portions of an undivided Empire. When any question came to be voted upon, for the purpose of ascertaining whether there existed that unanimous consent which was necessary for a treaty, the question was put to the British delegation as a whole, and was answered "Yes" or "No" by Mr. Balfour as the head and spokesman of that delegation, and on behalf of the British Empire as a whole. Although, in the process of discussion and negotiation, the representatives of the Dominions had and exercised the same right of audience as any other delegates, they never voted separately on behalf of their own Dominion on any question. The final decision in every case was that of the British Empire as an indivisible unity.

The position of the Dominions at Washington was essentially different from the position which they occupy at an assembly of the League of Nations. By the special and peculiar organisation of that body, self-governing colonies are admitted as members in their own right as if they were independent states. Although by constitutional and international law such colonies are merely constituent portions of the Empire to which they belong, they are entitled by express agreement to be treated, so far as practicable, as if they were independent. But no such principle was recognised at Washington, or exists except for the special purposes of the League of Nations.

After thus distinguishing the independent representation of the Dominions on the League of Nations from their joint representation with Great Britain in the Empire Delegation at Washington, the report points out that even within the limits of that Delegation the position of the Dominion delegates was not one of equal status or co-

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ordinate authority with the delegates from Great Britain. Each of the Dominion delegates was appointed to act in respect of his own Dominion only, but the authority of Mr. Balfour, Lord Lee and Sir Auckland Geddes covered the whole Empire, without even excluding those portions of it that were separately represented.

The British Delegation, therefore, did not consist of seven plenipotentiaries possessed jointly of co-ordinate and general authority. It consisted of three such plenipotentiaries, with whom were associated the four Dominion representatives, each of whom had authority in respect of his own Dominion only. The legal significance of this distinction is, as I understand the matter, that the Dominion delegates were present at Washington for the purpose of being heard and consulted as to all matters there in issue concerning the Empire, and of approving and confirming on behalf of their own Dominions the decisions of the King's general plenipotentiaries, and of testifying such approval and confirmation by signing on behalf of their own Dominions the treaties there negotiated.

Of the working of the Imperial team at Washington Sir John Salmond speaks in glowing terms. By their attendance at the plenary sessions of the Conference, by their membership of its various committees, and by their participation in the repeated meetings of the British Delegation—no less than twenty-five were held in the course of the twelve weeks covered by the Conference—the fullest possible opportunity was afforded to the Dominion delegates of expressing their views and making their influence felt. The harmony prevailing within the Delegation, and the alternatives that would have been open if an ultimate unanimity had not been reached on every point, are stated as follows :—

These internal negotiations and discussions of the British delegation proceeded throughout with the utmost harmony, and with the most ungrudging and courteous recognition on the part of the delegates from Great Britain of the right of the Dominion representatives to participate in the international policy of the Empire. No question ever arose on which it was found impossible to secure ultimate unanimity of decision within the British Delegation. If,

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unfortunately, it had been otherwise, and if any Dominion delegate, either of his own motion or under the instructions of his Government, had found himself unable to agree with some proposal which commended itself to the Delegation, it would then have been necessary for His Majesty's general plenipotentiaries from Great Britain to determine in their own discretion the action to be taken.

If they were of opinion that the matter in dispute was of such minor importance, or related so exclusively to the Dominion itself, that the views of that Dominion ought to be acceded to for the sake of unanimity, this result could have been attained either by a modification of the terms of the proposed treaty or by excluding the dissentient Dominion from its operation unless and until it chose through its Government or Parliament to give its subsequent adherence. If, on the other hand, it was considered that the matter was of such general importance that dissent on the part of a Dominion should be disregarded in the interests of the whole Empire, it would have been within the authority of the plenipotentiaries of Great Britain to assent to the treaty on behalf of the Empire as a whole, without regard to such dissent.

The fact that the delegate of one of the British Dominions had failed to sign the treaty on behalf of that Dominion would have had no effect on the international operation and obligation of the treaty. Any difficulty so unfortunately resulting would have been matter for negotiation and settlement within the borders of the Empire itself, but would have in no way affected the external relations between the Empire and the other contracting Powers.

Neither legislation nor ratification was, in Sir John Salmond's opinion, required in New Zealand for the purpose of giving effect to the Washington treaties or resolutions. On the question of ratification, if not on the other point also, this advice represents another clear-cut dissent from the South African doctrine.

The Washington treaties, says Sir John Salmond, like all others which are negotiated by plenipotentiaries, come into force only on ratification. The ratification required by the constitutional law of the British Empire is that of His Majesty. No action on the part of New Zealand is legally required. In view, however, of the direct participation of New Zealand in the negotiation and execution of those treaties, it may well be thought expedient that the treaties should be submitted to both Houses of the New Zealand Legislature in order that resolutions may be passed approving of their ratification by His Majesty.

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The claim which has been made for this remarkable Report of a place beside Lord Durham's Report and Mr. Joseph Chamberlain's opening address to the Colonial Conference of 1897 as a *locus classicus* in the history of Imperial evolution may be exaggerated by the local bias in favour of both the doctrine and the authority, but it certainly suggests an interesting comparison. The keynote of the first of these documents was colonial autonomy, and that of the second the march towards Imperial partnership; and both these notes were sounded by British statesmen. In Sir John Salmond's Report a Dominion jurist of world-wide reputation may be said to have repudiated the idea that the march towards partnership has become a march towards dissolution through the agency of the Peace Conference and the League of Nations.

When the Report came before the House of Representatives on August 18, Sir John Salmond's opinion was accepted by Mr. Massey, the Prime Minister, and two of his colleagues, and by Mr. T. M. Wilford, the leader of the Opposition, and there was no dissent of any kind. Mr. Massey spoke a good deal more frankly and fully on the subject than ever before, and roundly denounced as "absolute nonsense" the doctrine to which Sir John Salmond had not found it "easy to attach any definite meaning."

I am bound to say, Mr. Speaker, said Mr. Massey, that I have never liked the arrangement which was made in connection with the League of Nations. There was one dangerous feature in it. I did not agree with everything that has been said, that in signing the Peace Treaty we have become independent nations. That is absolute nonsense, and the wish of the people who so expressed themselves was in many cases the father to the thought. I was going to point out that the most dangerous part of the arrangement in connection with our representation—that is, the representation of the Empire and the Dominions—at either the Council or the Assembly of the League of Nations is this: The idea at the back of the minds of many people at the time when the arrangement was made was that by placing the Dominions in a semi-independent

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position, and giving each of them a vote, it strengthened the influence, it increased the *mana*—to use a Native term that is common in this country—of the Empire as a whole. I doubt that very much, looking back on what has taken place and what is taking place now. I was going to call attention to this point: The Dominions—let us say there are four of them, leaving out Newfoundland—go to the Assembly of the League of Nations and take part in its business. Something very important may come up for consideration, and there may be a difference of opinion on the part of the representatives of the Dominions. There is nothing to prevent two of such representatives voting one way and two another way, and I do not need to say that that would not strengthen the British Empire. That is a weakness, and a weakness which ought to be remedied. I know it is going to be a very difficult thing to remedy. In consequence, I am pleased with what has taken place at Washington.

A very interesting statement followed regarding the Government's reply to the overtures from South Africa above mentioned.

It is not well to advertise this sort of thing too much, but it is known now, and there is no reason why I should not refer to it, that certain of the Dominions were very strongly opposed to going to Washington to the Conference without special invitations being given in each case. I had several communications on this subject, but it is not well to make correspondence like that public. I do not think it should be done, though in no sense of the word was confidence imposed upon me. I will read one short telegram sent by myself to the Prime Minister of another Dominion of the Empire in reply to a communication of his,* in which the position I took up will be recognised. The communication I was answering was to this effect: A request was made to me as Prime Minister of New Zealand to decline to go to Washington, or, at all events, to protest emphatically against the fact that no invitations were forthcoming for the individual Dominions of the Empire. . . . My telegram was: "Replying to your telegram of 19th [October] instant, our representative had sailed before your telegram came to hand, but, while the point you raise is important from certain points of view, I consider it to be much more important that the Empire should speak with one voice and with no uncertain sound."

I am glad to be able to acknowledge that was the effect of the arrangements made at Washington.

* The reference can only be to General Smuts, a cabled report of whose speech to the like effect at the Pretoria Chamber of Commerce was published in New Zealand on October 21, 1921.

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Though as already suggested, Mr. Massey's dissent from the suggestion of General Smuts would have produced a greater effect if published at the time, it is very satisfactory to have it on record in such emphatic terms. Mr. Massey's honourable reluctance "to advertise the thing too much" has not prevented him from indicating in the plainest possible way where New Zealand stands.

III. NEW ZEALAND AND THE LEAGUE OF NATIONS

THOUGH Sir John Salmond's opinion and Mr. Massey's statement on the subject of Dominion status are in exact accord with public sentiment, the attitude of the Government to the broader aspects of the League of Nations has been freely criticised. Ministers have not only made no attempt to educate the public mind on the work of the League, but have almost completely ignored the subject. The newspapers have made some amends for this neglect, but more has been done by the enthusiasts who have been pushing the propaganda of the League of Nations Union. A conference of delegates from the various branches of the Union, which was held in Wellington on May 30 for the purpose of linking them up in a Dominion organisation, showed that branches had been formed in Auckland, Wellington, Christchurch, and Dunedin, and also in six of the smaller towns. Of these local organisations, that in Dunedin has the best record. The enrolment of 600 active and subscribing members in the first nine months of its existence is an achievement of which the Dunedin Union has good reason to be proud. For this excellent result and also for the federation which was effected at the Wellington Conference the enthusiasm of Professor W. Henderson Pringle, who about two years ago came from Edinburgh to the chair of economics at Otago University, is entitled to the bulk of the credit.

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If the example of Dunedin were generally followed the ignorance and indifference of the public would soon yield to understanding and sympathy. But other branches are less active, and in Wellington the strong pacifist tinge of the leading members makes it doubtful whether the organisation is not doing the cause of the League more harm than good. In moving the principal resolution at the Wellington Conference Professor Pringle said :

New Zealand was the only Dominion in the British Empire in which there was not a League of Nations Union. A Union had been established in Canada, of which body the vice-presidents were the leaders of the three leading political parties. In South Africa the president was the Prime Minister of that country. Strong branches had also been established in Victoria, New South Wales, and Queensland. The time had now come when New Zealand should not stand out of this great Imperial movement.

In an address to the Wellington Rotary Club on the same occasion Professor Pringle also complained that "New Zealand is the only Dominion under the British Crown in which no prominent statesman or politician has publicly identified himself with the League of Nations."

While admitting the justice of the charge and welcoming Professor Pringle's description of the various propaganda as a "great Imperial movement," the *Evening Post* (June 2) raised the interesting question : "Is it a mere coincidence that the two Dominions in which the League of Nations Union is most vigorous are those in which Imperial sentiment is most backward and the ideal of independence most strongly supported ?" Replying as one who had recently come from the Old Country, Professor Pringle said that "The Motherland was proud of all her far-flung Dominions and Dependencies," and that "she had no measuring rod by which she would estimate the loyalty or devotion to the common interests of any of them." This obviously did not help the matter much, but his renewed complaint of New Zealand's backwardness in regard to the League had an interesting result. The occasion was a

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luncheon given by the Executive of Dunedin League of Nations Union to the local members and other representative citizens on the eve of the session of Parliament. Among the guests was the Hon. W. Downie Stewart, M.P., Minister of Internal Affairs, who took up Professor Pringle's challenge in a speech of which the material part is reported by the *Otago Daily Times* of June 14, as follows :—

When the professor indicated that our enthusiasm had been less marked than that of General Smuts or Mr. Mackenzie King, he did us a slight injustice. It was not that we differed in any degree as to the worth and work of the League, but what had made New Zealand appear slightly hesitating in her attitude was the question of what was the correct method for New Zealand to be represented on that League. The point would be well known to the lawyers present. It was one of far-reaching and vital importance, entailing consequences of incalculable effect. When the Covenant of the League was being brought forth, it was agreed to give separate representation to the Dominions as autonomous nations with a vote of their own apart from the vote they carried as a component part of the British Empire. . . . On the League the Dominions occupied a position of enormous apparent prestige, but no country had more authority than it had power. Such authority as they had the Dominions derived from their association with the British Empire. They would see the complications which ensued from the claim of the Dominions to separate status when it came to the Washington Conference. General Smuts refused to go because he was not allowed to go as representing a separate Power, and it was only at the last moment and with the utmost difficulty he was persuaded to consent. That was the position we in New Zealand were anxious to avoid. Speaking on behalf of the Government, they did not view the claim for separate nationality as a sound attitude to adopt. President Harding refused to allow that, and said New Zealand must go as part of the British delegation, and the speaker welcomed that attitude. He mentioned that because it might explain what appeared to be lukewarmness and also because there had been some confusion of thought in the resolution adopted by the League of Nations Conference in Wellington.

This argument, which followed the lines previously taken by Mr. Stewart as a private member,* was the best

* See THE ROUND TABLE, No. 38, March, 1920, pp. 469-470; and No. 44, September, 1921, pp. 963-964.

Naval Defence

official reply that we had had to the Smuts doctrine until Sir John Salmond's Report appeared two months later. But it was less successful as a reply to Professor Pringle. Uneasiness about the possible consequences of the Dominions' admission to the League might be a good reason for staying out of it, but it cannot justify entering the League and discharging its obligations in a half-hearted manner. The Dominion has doubtless been true to the letter of those obligations, but the success of an organization which is a League, not of Governments but of Nations, demands something more than a formal attention to the business of the Assembly. The intelligent and active support which the League requires is not yet forthcoming from New Zealand, because our people have not been taught to feel that its work is any affair of theirs. It is to be hoped that our Ministers will not allow their misgivings on an incidental point, or any other reason, to prevent them from helping in the work of education by putting the objects and ideals of the League clearly and sympathetically before the people on whose behalf Mr. Massey signed the Covenant.

IV. NAVAL DEFENCE

THE passage dealing with naval defence in the speech with which Mr. Massey introduced the Budget, on August 15, contained one satisfactory sentence. "The time has arrived," he said, "when the contributions of the Dominions, whatever form they may take, should be placed on a more satisfactory and businesslike basis." The promise of this opening was unfortunately belied by what followed. The rest of the paragraph showed that, so far as New Zealand is concerned, not only has the time not arrived for doing the right thing in regard to naval defence, but our Prime Minister cannot even hazard a prophecy as to when it will arrive. After expressing the vain hope

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that the cost of new warships might have been made a first charge on any payments forthcoming from Germany, the statement proceeded as follows :—

In any case, the Dominions cannot allow such a very large proportion of the total cost of the naval defence of the Empire to be carried by the taxpayers of the United Kingdom : to do so would be grossly unfair and unpatriotic. The countries of the Empire should contribute to the defence of the Empire, naval defence particularly, in proportion to their financial ability. The cost of the *Chatham*, with the training-ship, will be approximately £300,000 per annum. This sum counts as a contribution. The payments we are now making on account of H.M.S. *New Zealand* amount to about £100,000 per annum, and if our finances will permit in the next financial year, we should make our contribution for naval defence, including the items I have mentioned, up to £500,000 per annum. This may seem small, but it will, if agreed to, be a move in the right direction and an improvement on the present position, and it can be improved upon as time goes on and our financial condition permits.

It is good to have this frank acknowledgment from our Government that the present dependence of the Dominions upon the British taxpayer for the cost of their defence is "grossly unfair and unpatriotic." But it is deplorable that after making this confession the Government should decide to leave the injustice absolutely unredressed during the current financial year, and should merely suggest a slight hypothetical improvement—"if our finances will permit in the next financial year"—which, even if realized then and progressively maintained year by year, would still leave us in default at the end of ten years. This means that New Zealand's reply to Lord Lee's striking appeal to the Dominions to do their duty "before it is too late" will bring no more comfort to the British taxpayer than the reply of Canada. Even the beneficial effect of the confession upon our own souls is discounted by the fact that we are at the same time to some extent camouflaging our offence.

Mr. Sastri's Visit

The expenditure on naval defence for the financial year amounted to £418,665, under the following headings, says Mr. Massey :—

Permanent charges :—Naval Defence Act, 1908 (H.M.S.	£	
<i>New Zealand</i>)—Interest £43,341, sinking fund £71,807		115,148
Annual Appropriation Vote—Naval defence		303,517
		£418,665

To treat as a contribution to the defence of the Empire to-day the interest and sinking fund payment on account of the *New Zealand*—the battle cruiser for which we got full credit twelve or thirteen years ago, and which was condemned at Washington before she was half paid for—would plainly be absurd ; but such is the inference which these figures suggest. Our naval expenditure last year was really £303,517 and not £418,665, and the estimate for the current year is £256,656, representing 5s. and 4s. 2d. per head respectively, against Britain's 30s. Nor is it by any means clear that we are getting a fair return even for this tiny expenditure. The suggestion of the New Zealand Navy League, adopted at its annual conference, held on August 1 and 2, was " that this Dominion should contribute to the upkeep of the Navy at the same rate *per capita* of our population as is contributed by the taxpayers of Great Britain."

V. MR. SASTRI'S VISIT

THE eloquence, the diction and the personality of Mr. Srinivasa Sastri, whose visit to New Zealand on behalf of the Indian Government lasted from July 10 to July 25, made a deep impression. With the old rock of offence—our immigration policy—put out of the way by the wise forbearance of the Indian Government, there is little left to make trouble between Mr. Sastri's country and ours, and he was chiefly concerned to bespeak a general approval of

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the principle of racial equality throughout the Empire. It was a powerful and persuasive argument, which would probably have enabled him to carry a vote at any of the popular meetings which he addressed. But it was, nevertheless, an argument which excluded the crucial difficulties of the position. Mr. Sastri admitted that there were serious difficulties in other parts of the Empire, but asked us to put these aside, and to give a sort of "without prejudice" approval of the principle of equality as applied to his country and our own. If New Zealand was in the same position as Natal and Kenya, the chances are that she would do exactly as they have done, and Mr. Sastri's refusal to discuss the application of his rule to these special conditions left his argument very much in the air.

The only jarring note struck by our visitor was in the suggestion, at the Parliamentary luncheon on July 11, that if India could not find equality within the Empire, she would seek her destiny outside of it. In reply to newspaper criticism, Mr. Sastri explained that he had only expressed what he took to be the opinion of India without intending to convey approval of it; he was stating a fact which it was for the white people of the Empire to take into account. An emphatic dissent from the opinion in question would have given greater satisfaction in New Zealand than this rather cold qualification. If the people of India will not stay in the Empire unless they are granted full equality, and South Africa will not stay in it if they are, there is a tough problem ahead of the Empire. And it is more likely to be solved by frank discussion than by abstract resolutions and mental reservations.

New Zealand. September 23, 1922.

